

Leveraging Social Return on Investment (SROI) for Sustainable Urban Development



Jalal

Presented in Sustainable Urban Development Session of The Seventh Global Conference: ESG Management & Sustainability Surabaya, August 6 2024



SDG11. Sustainable Cities and Communities: "Make cities inclusive, safe, resilient and sustainable"



TARGET 11-1

SAFE AND AFFORDABLE HOUSING

TARGET 11-2

AFFORDABLE AND SUSTAINABLE TRANSPORT SYSTEMS

TARGET 11-3

INCLUSIVE AND SUSTAINABLE URBANIZATION

TARGET 11-4

PROTECT THE WORLD'S CULTURAL AND NATURAL HERITAGE

TARGET 11-5

REDUCE THE ADVERSE EFFECTS OF NATURAL DISASTERS

TARGET 11-6

REDUCE THE ENVIRONMENTAL IMPACT OF CITIES

TARGET 11-7

PROVIDE ACCESS TO SAFE AND INCLUSIVE GREEN AND PUBLIC SPACES

TARGET 11-A

STRONG NATIONAL AND REGIONAL DEVELOPMENT PLANNING

TARGET 11-B

IMPLEMENT POLICIES FOR INCLUSION, RESOURCE EFFICIENCY AND DISASTER RISK REDUCTION

TARGET 11-C

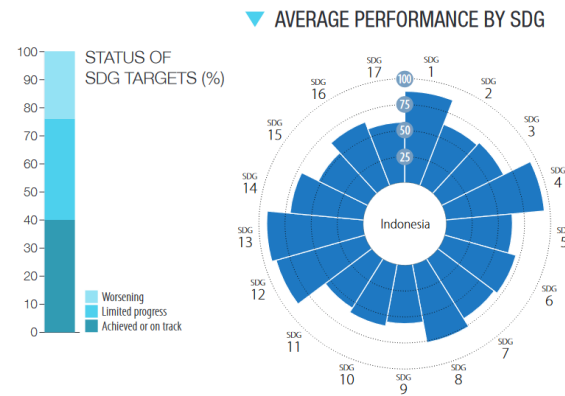
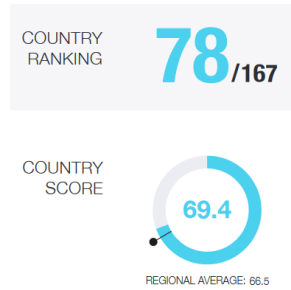
SUPPORT LEAST DEVELOPED COUNTRIES IN SUSTAINABLE AND RESILIENT BUILDING

SDG11 in Indonesia

INDONESIA

East and South Asia

OVERALL PERFORMANCE



SDG DASHBOARDS AND TRENDS



Note: The full title of each SDG is available here: <https://sdgs.un.org>

SDG11 – Sustainable Cities and Communities

| | | | |
|---------------------------------------------------------------------|-----------|---|---|
| Proportion of urban population living in slums (%) | 19.4 2020 | ● | ↗ |
| Annual mean concentration of PM2.5 (µg/m ³) | 19.0 2022 | ● | ↗ |
| Access to improved water source, piped (% of urban population) | 29.6 2022 | ● | ↓ |
| Population with convenient access to public transport in cities (%) | 39.2 2020 | ● | ● |

SDG11 is one of the SDGs Goals that has the lowest performance in Indonesia, and its tendency is stagnating. Indonesia needs to be more serious about building sustainable cities and communities.

Jakarta and Its Sustainability Issues

Bloomberg

CityLab Environment

Jakarta Pollution Is World's Worst; Government Says Pray for Rain



ANN ASIA NEWS NETWORK BRINGING ASIA CLOSER


August 6, 2024

HOME AROUND ASIA GEOPOLITICS IN-DEPTH BUSINESS OPINION LIFESTYLE ABOUT US


Prone to fire and fresh air problems, people figure out life in a Jakarta slum area

While the minimum standard of adequate living is a bit more than 7 square metres per person, on average, there are 17 Jakartans living to each 1 sq m of the city.

Nur Janti
The Jakarta Post



SPECIAL REPORTS



TEMPO.CO

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Jakarta Ranks 30th as City with Worst Traffic Congestion Worldwide

Translator: Najla Nur Fauziyah Editor: Laila Alifa
15 January 2024 22:30 WIB



JAKARTA GLOBE

Tuesday, August 6, 2024

NEWS BUSINESS TECH LIFESTYLE OPINION INDEX

Jakarta Hit by Floods During Rush Hour After Heavy Rain

Roy Adriansyah
January 4, 2024 | 9:52 pm

SHARE



The Jakarta Post

INDONESIA ELECTION 2024 BUSINESS WORLD OPINION CULTURE DEEPDIVE FRONT ROW E-POST

People still meeting public barriers to disability access, rights

Wulan Kusuma Wardhani (The Jakarta Post)
Jakarta • Wed, May 4, 2022



Principles of Social Value



“Social Value is the value that stakeholders experience through changes in their lives. Some, but not all of this value is captured in market prices.”



Principle 1: Involve stakeholders

Inform what gets measured and how this is measured and valued in an account of social value by involving stakeholders.



Principle 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.



Principle 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.



Principle 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.



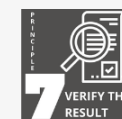
Principle 5: Do not overclaim

Only claim the value that activities are responsible for creating.



Principle 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.



Principle 7: Verify the Result

Ensure appropriate independent assurance.



Principle 8: Be Responsive

Pursue optimum Social Value based on decision making that is timely and supported by appropriate accounting and reporting.

Social Return on Investment (SROI)

- “Social Return on Investment (SROI) is a framework for measuring and accounting for this much broader concept of value; it seeks to reduce inequality and environmental degradation and improve wellbeing by incorporating social, environmental and economic costs and benefits.”
- “An SROI analysis can take many different forms. It can encompass the social value generated by an entire organisation, or focus on just one specific aspect of the organisation’s work.”

Types of SROI:

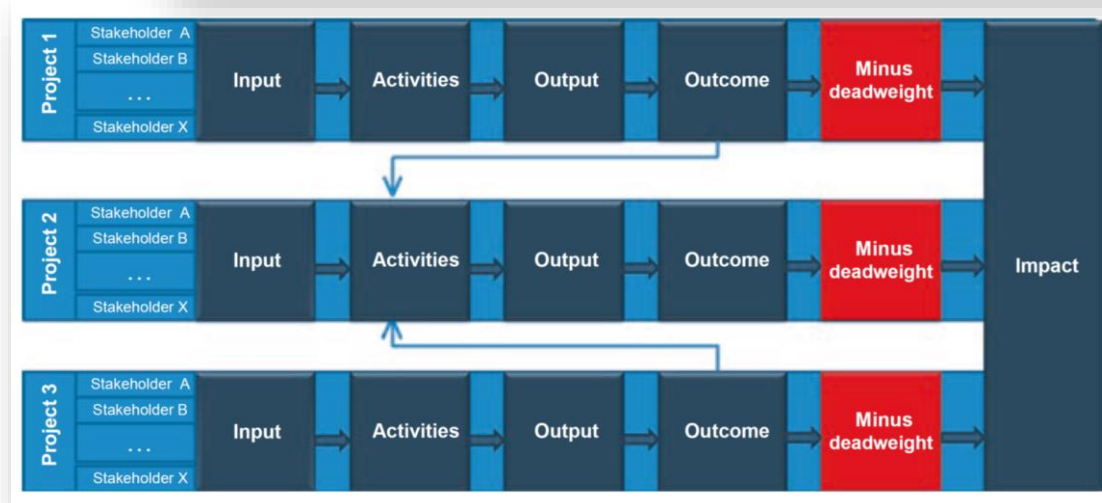
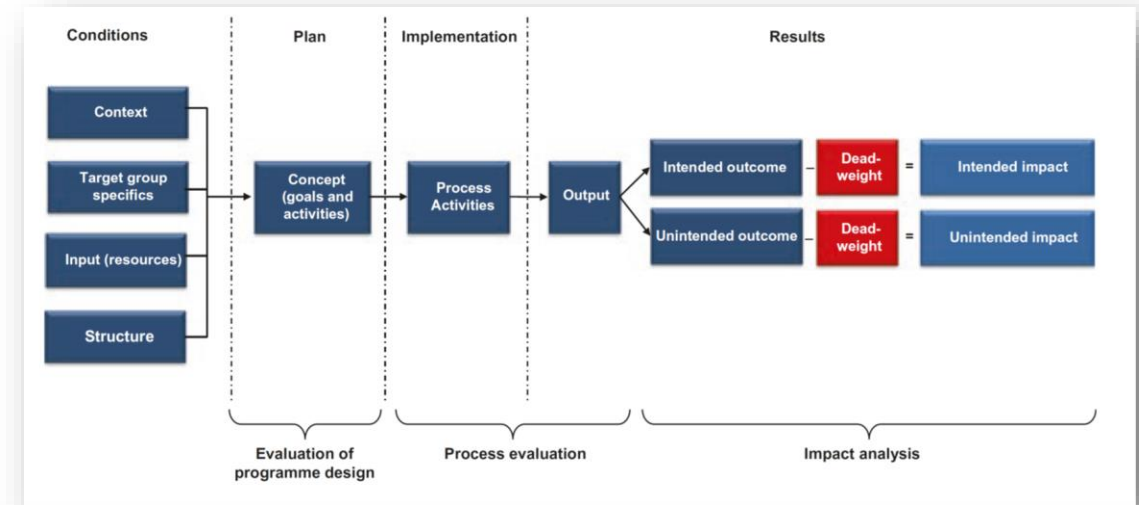
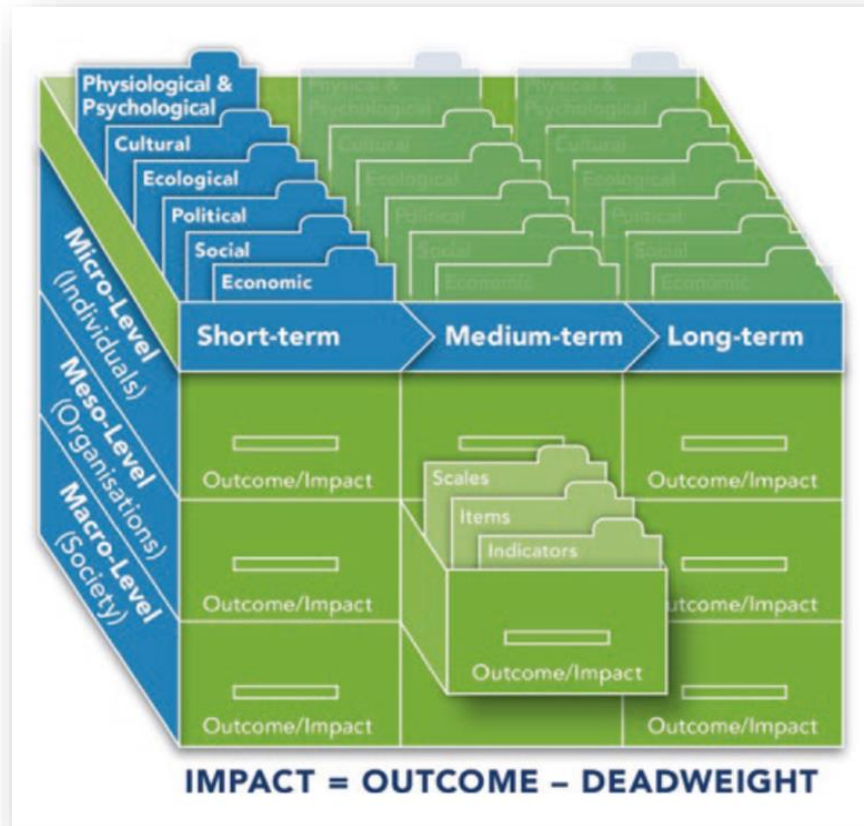
- **Evaluative**, which is conducted retrospectively and based on actual outcomes that have already taken place.
- **Forecast**, which predicts how much social value will be created if the activities meet their intended outcomes.

Stages in SROI



1. **Establishing scope and identifying key stakeholders** – clearing boundaries about what your SROI analysis will cover, who will be involved in the process and how.
2. **Mapping outcomes** – engaging with stakeholders to develop an impact map, or theory of change, which shows the relationship between inputs, outputs and outcomes.
3. **Evidencing outcomes and giving them a value** - finding data to show whether outcomes have happened and then valuing them.
4. **Establishing impact** – having collected evidence on outcomes and monetised them, those aspects of change that would have happened anyway or are a result of other factors are eliminated from consideration.
5. **Calculating the SROI** – adding up all the benefits, subtracting any negatives and comparing the result to the investment. This is also where the sensitivity of the results can be tested.
6. **Reporting, using and embedding** – sharing findings with stakeholders and responding to them, embedding good outcomes processes and verification of the report.

Impact Box, Intended and Unintended Impacts, and Multiple Projects SROI



Why is SROI Popular?

- **Comprehensive Impact Assessment:** (1) Holistic view – considering a wide range of social, environmental, and economic impacts, providing a comprehensive picture of an initiative's value; (2) Qualitative and quantitative data – integrating both qualitative and quantitative data, offering a balanced perspective.
- **Stakeholder Focus:** (1) Beneficiary-driven – placing a strong emphasis on the perspectives of beneficiaries, ensuring that their voices are heard and their needs are prioritized; (2) Collaboration – encouraging collaboration between stakeholders, leading to a shared understanding of the project's value.
- **Financial and Non-Financial Value:** (1) Monetary valuation – assigning monetary values to social and environmental impacts, making them comparable to financial returns; (2) Decision-making support – allowing for more informed decision-making by comparing investment options based on both financial and social value.

Why ...

- **Transparency and Accountability:** (1) Clear methodology – following a structured approach, enhancing transparency and credibility; (2) Performance measurement – providing a framework for measuring and reporting on social performance, increasing accountability.
- **Storytelling:** (1) Impact communication – communicating effectively the social impact of a project through compelling narratives and data visualization; (2) Advocacy – advocating for increased investment in social programs by demonstrating their value.
- **Continuous Improvement:** (1) Learning and adaptation – encouraging ongoing evaluation and refinement of programs based on the insights gained; (2) Innovation – stimulating innovation by identifying opportunities to create greater social value.

In the Indonesian context, SROI has become very popular because the Ministry of Environment and Forestry requires the use of SROI to assess social projects carried out by companies that have the potential to get Green and Gold in the environmental performance rating assessment program (PROPER).

Challenges in Using SROI

- **Stakeholder Engagement:** (1) Stakeholder identification – Identifying all type of beneficiaries is not as simple as it seems; (2) Consensus building – Achieving agreement on the definition of success and measurement metrics can be time-consuming; (3) Balancing perspectives – Balancing the perspectives of different stakeholders, such as beneficiaries, funders, and the public, can be challenging.
- **Data Collection and Measurement:** (1) Quantifying intangible benefits – Many social impacts are difficult to quantify in monetary terms, such as improved well-being or reduced crime rates; (2) Data availability – Reliable and consistent data may be scarce, especially for community-level projects; (3) Defining the baseline – Determining the starting point for measuring impact can be complex; (4) Attributing outcomes – Isolating the specific impact of a project from other factors influencing outcomes can be challenging.
- **Valuation:** (1) Monetary valuation – Assigning monetary values to social benefits can be subjective and controversial; (2) Discount rates – Choosing an appropriate discount rate for future benefits is complex and can significantly impact results.

Challenges....

- **Time Horizon:** (1) Long-term impacts – many social programs have long-term effects, making it difficult to measure immediate SROI; (2) Discounting future benefits – the value of future benefits is often discounted, which can underestimate long-term impact.
- **Comparability:** (1) Access to Reports – lack of access to reports with robust SROI results makes comparison between similar projects difficult; (2) Contextual differences – social programs operate in different contexts, making direct comparisons challenging.
- **Resource Intensive:** (1) Time and expertise – conducting a thorough SROI analysis requires significant time and resources; (2) Cost-benefit analysis – the costs of conducting an SROI analysis must be weighed against the potential benefits.
- **Integrity of SROI Practitioners:** There is a tendency to exaggerate positive outcomes on the one hand, and underestimate negative outcomes and the contribution of other parties on the other hand, in order to ensure high SROI value.

Case Study: Connswater Community Greenway

(Hunter, et al., 2022)

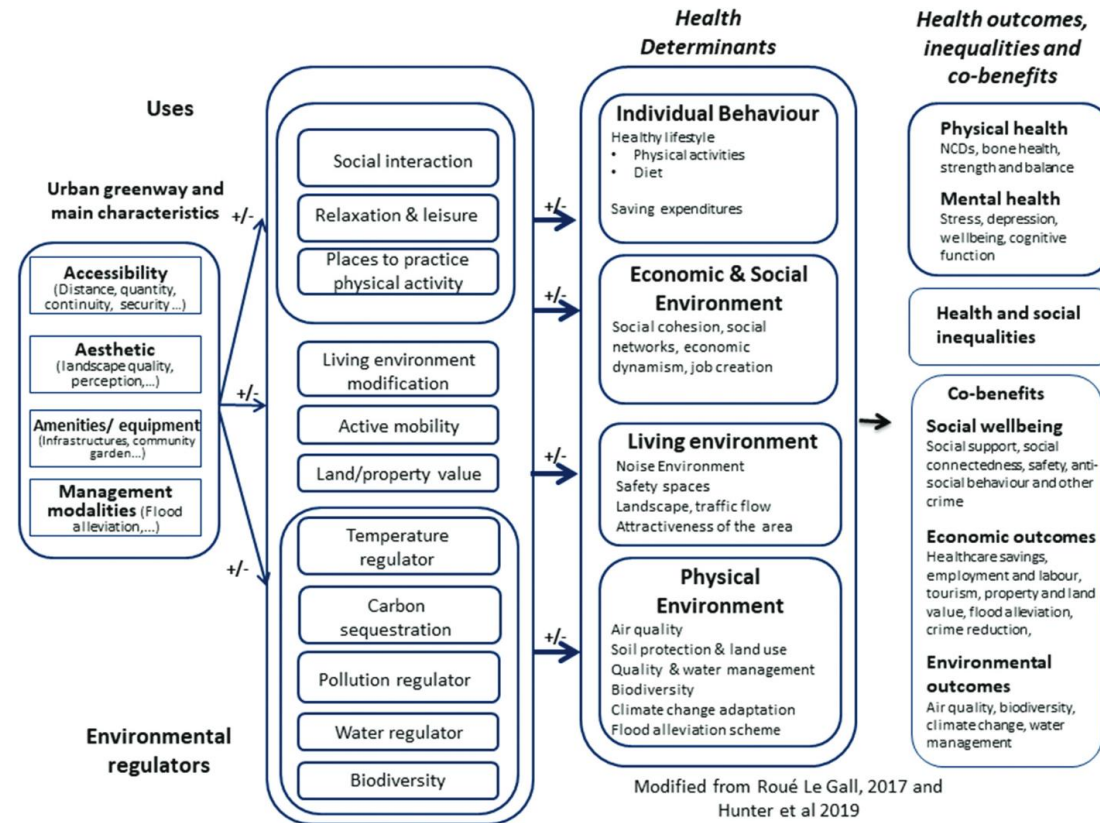


Figure 2. Conceptual model representing the intervention and its consequences in terms of economic evaluation and associated co-benefits.

Table 1. Summary of all Connswater Community Greenway monetary benefits in order of descending magnitude.

| | Worst Case Scenario | Best Case Scenario |
|-----------------------------|---------------------|--------------------|
| Land and Property Values | £ 970,856.82 | £ 63,324,579.23 |
| Health and Wellbeing | £ 11,937,023.35 | £ 52,110,170.75 |
| Flood Alleviation | £ 42,062,210.55 | £ 42,062,210.55 |
| Quality of Place | £ 33,633,036.77 | £ 33,633,036.77 |
| Climate Change | £ 9,035,257.03 | £ 9,035,257.03 |
| Labour Market | £ 2,833,352.91 | £ 2,833,352.91 |
| Employment and Productivity | | |
| Tourism | £ 270,134.94 | £ 496,699.73 |
| Total | £ 100,741,872.37 | £ 203,495,306.97 |
| Benefit Cost Ratio | 2.88 | 5.81 |

Case Studies: Modified Vehicles for PwD and Community Sport and Leisure Facilities (Hutchinson, et al., 2020; Davies, et al., 2021)

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FEATURE ARTICLE

Using social return on investment analysis to calculate the social impact of modified vehicles for people with disability

Claire Hutchinson^{1,2} | Angela Berndt³ | Jenny Cleland^{1,2} | Susan Gilbert-Hunt³ | Stacey George² | Julie Ratcliffe^{1,2}

¹School of Commerce, University of South Australia, Adelaide, SA, Australia
²College of Nursing and Health Sciences, Flinders University, Adelaide, SA, Australia
³School of Health Sciences, University of South Australia, Adelaide, SA, Australia

Correspondence
Claire Hutchinson, College of Nursing and Health Sciences, Flinders University, GPO Box 2100, Adelaide, SA 5001, Australia.
Email: claire.hutchinson@flinders.edu.au

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Abstract
Introduction: Returning to driving is often a goal for people with acquired disabilities. Vehicle modifications make it possible for people with both acquired and lifelong disabilities to drive yet can be costly. There has been no financial evaluation of vehicle modifications in Australia or internationally.
Methods: A social return on investment analysis of vehicle modifications was undertaken. Primary data were collected via qualitative interviews with consumers and other stakeholders (e.g. driver-trained occupational therapists, rehabilitation physicians, driving instructors, vehicle modifiers) ($n = 23$). Secondary data were collected from literature searches and used to identify suitable financial proxies and make estimations of the proportion of drivers with vehicle modifications experiencing each outcome. A co-investment model was adopted to estimate social return on investment and payback period for funder and consumer. Five scenarios were developed to illustrate social return for low-cost modifications (Scenario 1) through to high-cost modifications (Scenario 5).
Results: Social return on investment ratios was positive for funder and consumer investment in all five scenarios. Social return on investment calculations based on co-investment ranged from \$17.32 for every \$1 invested (Scenario 1) to \$2.78 for every \$1 invested (Scenario 5). Consumers' payback periods were between 5.4 and 7.1 months, and funders between 3.5 weeks and 2 years 8.4 months.
Conclusion: Vehicle modifications represent sound investments for both funders and consumers. Given the short payback periods, funders should reconsider age restrictions on vehicles considered suitable for modifications, especially for low- to medium-cost modifications.

KEYWORDS
driver rehabilitation, evaluation, social return on investment, vehicle modifications, assistive technology

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Routledge
Taylor & Francis Group

OPEN ACCESS

Measuring the Social Return on Investment of community sport and leisure facilities

Larissa E. Davies^a, Peter Taylor^{a,b}, Girish Ramchandani^a and Elizabeth Christy^a

^aSport Industry Research Centre, Sheffield Hallam University, Sheffield, UK; ^bSheffield City Trust, Sheffield, UK

ABSTRACT
Rationale/Purpose: There is a growing demand from managers and policy makers for evidence on the wider impacts of sport and physical activity. This is driven by the need to demonstrate accountability for public expenditure and effectiveness in relation to public policy. The research presented in this paper addresses a gap in knowledge relating to the social impact of local sport and leisure facilities.
Design/methodology/approach: A Social Return on Investment (SROI) framework was used to measure the impact of sport and physical activity across 12 community sport and leisure facilities in Sheffield. A range of methods were used to measure general participation by regular visitors and a targeted therapeutic exercise programme for specific participants.
Findings: The research found the social value of outcomes related to general and targeted participation were £21.67 m and £0.26 m, respectively, and that for every £1 spent a SROI of between £1.20 and £3.42 was generated.
Practical implications: The research enables managers to identify the value of facilities beyond the financial indicators commonly used in performance management.
Contribution: It contributes to knowledge on valuing the non-market benefits of sport. The research provides a methodological example of using SROI to measure the value of local sport and leisure facilities.

ARTICLE HISTORY
Received 28 November 2019
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KEYWORDS
Social impact; social value; SROI; sports participation; exercise referral scheme

ISO 370125: ESG Indicators for Sustainable Cities and Communities

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Sustainable cities and communities – Environmental, social, and governance (ESG) indicators for cities

ICS: 13.020.20

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Sustainable Cities and Financing

PROJECTS ELIGIBLE FOR GREEN BOND PROCEEDS



GREEN BUILDINGS, GREEN INFRASTRUCTURE

- Low-carbon buildings
- Energy efficiency projects
- LED lighting installation
- Public housing built to high energy efficiency standards



CLEAN WATER AND UTILITIES STORM ADAPTATION

- Clean water and drinking water
- Stormwater drain adaptation measures
- River revitalization and preservation
- Habitat restoration, flood mitigation
- Ports infrastructure to address increased storm surge risk



CLEAN TRANSPORTATION

- Mass transit: subways, light rail
- Rolling stock for railways
- Rail track capital expenditure
- Rail line electrification
- Bus Rapid Transit Systems (minimum ITDP bronze rated)
- Electric vehicles, related infrastructure
- Hybrid bus fleets



CLEAN ENERGY/ENERGY STORAGE

- Solar and wind energy generation
- Grid connections to renewable energy generation
- Hydro-electricity generation (run of river or existing dams)
- Biomass energy generation
- Energy storage
- Rehabilitation of transmission facilities to reduce greenhouse gas emissions
- District heating systems



INDUSTRIAL EFFICIENCY

- Cement production: substantial reductions in greenhouse gas emissions
- Waste heat recovery systems
- Energy efficient motors



WASTE MANAGEMENT METHANE REDUCTION

- Wastewater and sewage treatment plants with methane gas capture
- Low-emission garbage trucks and related infrastructure
- Recycling plants
- Qualifying waste-to-energy generation



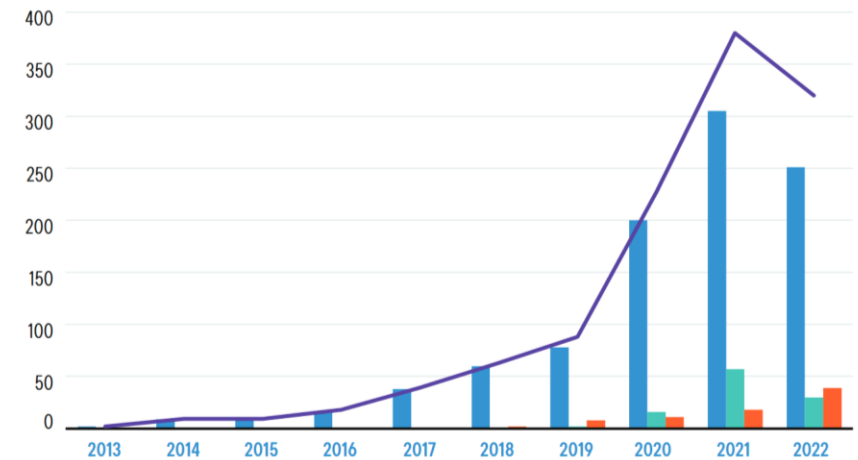
AGRICULTURE, BIOENERGY FORESTRY

- Sustainable agriculture, forestry, and land use
- Agriculture produce supply chain improvements to reduce waste

Gradual Development of Urban GSS Market

Exhibit 1: Urban GSS Securities
2013–2022

Number of Issues



| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|------|------|------|------|------|------|------|------|------|------|
| Green Bonds | 2 | 9 | 8 | 17 | 38 | 60 | 78 | 200 | 305 | 251 |
| Social Bonds | 0 | 0 | 0 | 1 | 1 | 1 | 2 | 16 | 57 | 30 |
| Sustainability Bonds | 0 | 0 | 1 | 0 | 0 | 2 | 5 | 11 | 18 | 39 |
| Total | 2 | 9 | 9 | 18 | 39 | 63 | 88 | 227 | 380 | 320 |

Source: Bloomberg. As of January 13, 2023. Past performance is not an indicator or guarantee of future results.

Source: <https://www.climatebonds.net/files/files/How-to-Issue-Green-City-Bonds.pdf>;
<https://franklintempletonprod.widen.net/content/glvnyiu1b4/pdf/ftfi-sustainable-bond-market-nonus.pdf>

Conclusions and Way Forward

1. Urban development plays a very important role in the sustainability of every country, including Indonesia.
2. Cities in Indonesia, including Jakarta, have a number of problems that make them unsustainable or less sustainable, and this is reflected in the low performance of SDG11 in Indonesia.
3. To ensure urban sustainability, a robust methodology for understanding the impact of urban development projects and programs is essential.
4. SROI is a method in impact measurement that is now becoming very popular because of its various advantages.
5. However, SROI also has a number of implementation challenges that need to be overcome, so that it becomes more useful for forecasting and evaluating impacts.
6. SROI will really be able to help cities carry out development planning that leads to justice, resilience and sustainability as has been shown in case studies.
7. By demonstrating the impact of sustainability, SROI can also be utilized by cities to obtain financing for their development projects, including through the issuance of green, social and sustainable bonds.

**SALAM LESTARI.
TERIMA KASIH!**

J A L A L

Social Investment Indonesia – Chairperson of Advisory Board

jalal.csri@yahoo.com

+62-811-8814488

