

Policy Case No 7

USING SOCIAL RETURN ON INVESTMENT FOR EVIDENCE-BASED POLICY-MAKING



Improving farmers' wellbeing through social innovation



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Emerging farming energy communities

Measuring success of social innovations is difficult due to the integrated nature of both the factors influencing social innovation and the benefits, which do not necessarily produce immediate results in terms of tangible (material) outcomes. Outcomes can occur over short or long time periods, and require effort to uncover and measure, for example, changes in individual well-being, or improved levels of skills that may lead to enhanced employment and/or income. Social innovations have both process and outcome dimensions and standard approaches to measuring 'success' tends to be linked to the scale of adoption and identification of specific outputs (such as income generated, number of people trained, or jobs created). Such approaches do not capture the full value of social innovation activities, particularly where the innovations are small scale and partially or fully dependent on voluntary action or in-kind contributions to achieve their goals.

Social innovation definition

Social innovation as activities generally satisfy four specific criteria:

- it is innovative with regard to the user, context or application;
- it meets needs more effectively than pre-existing alternatives;
- it provides long-term solutions; and,
- it is adopted beyond the initial group/network that developed it.

A range of social innovations have been explored in depth in FARMWELL to understand both outputs and outcomes over a multi-year period through **explorations of the 'journeys of change' made by beneficiaries of the innovative actions**. This approach is part of the social return on investment (SROI) method, which has been applied to assess a range of social, economic and environmental impacts (cost-benefit assessment) of the social innovations delivered by the FARMWELL Partners. The outcomes of the assessment, including individual examples and monetary returns on investment, can be found in the [SROI Synthesis Report](#).

Social innovation definition

The **SROI model enables policy changes to be explored**, in terms of the scale and focus of programme implementation, as well as providing pointers towards the potential for making programme delivery more cost effective. Recommendations can also be made with reference to wider European rural and community development policies. SROI findings will no doubt resonate positively with the protagonists of context-based programmes such as LEADER/CLLD as well as in the wider context of AKIS in relation to wellbeing training and advice provision for farmers.

Potential benefits to policy makers include (among others):

- deeper understanding of the **types of outcome** generated and who benefits;
- the **value** of those benefits (in monetary terms);
- an **estimate of the return on investment** of public funding;
- insights into **how returns might be enhanced**;
- enhanced capacity to explore **impact of changes in policy direction**/implementation and capacity to explore outcomes arising from alternative policy options.



It is a tool for exploring past, current, and/or future outcomes arising from the operation of a clearly identified scheme, programme or policy action. In order to do this, **the method develops deep understanding of actual or predicted change experienced by all affected stakeholders** (the ‘Journey of Change’), the cost of delivering such changes, and the value of these marginal changes in monetary terms. The SROI method does not, however, address the drivers of change which might be operating to create outcomes.

The approach does require the SROI model designers to make assumptions about causal linkages between effects of a project/programme in generating outcomes for stakeholders, but these are made transparent to enable the model user (and policy makers, evaluators and delivery bodies) to understand how a particular level of investment and causal mechanism delivers outcome benefits. One advantage of the method, therefore, is **enabling policymakers and stakeholders to obtain a clearer picture of outcomes generated** on the ground and over a specific period of time, in relation to both the current situation and predicted changes over a defined future period. It also enables policymakers/stakeholders to look at how outcomes and returns on investment might alter over time, and enables comparison of programme/project implementation in different geographic spaces.

Context based and community driven programmes such as LEADER/CLLD would benefit significantly from application of SROI methodology within its evaluation and monitoring framework. The methodology, if applied correctly, can provide comprehensive evaluation of the cost and benefits [including value added], also to address the ECA Special Report on LEADER (2022) remarks to “provided evidence of LEADER’s additional benefits”[1]. However, **the approach does require ringfencing resources** for systematic evaluation and monitoring, development of relevant indicators and investing into capacity development and upskilling of evaluators who will apply the method.

Supporting social innovation

The investment side of the SROI modelling suggests that **the local, regional, and national institutional contexts are important influences on how organisations are created, grow and are enabled to function**. In Belgium and Poland, for example, high levels of national and regional government support significantly reduce the proportion of expenditure required from in-kind contributions, while in Hungary and Romania the lack of government action has resulted in the formation of local membership associations developing from the ground-up to meet perceived local needs, which are heavily reliant on voluntary time inputs and local organisations for administrative support.

Examination of the investment aspects of projects also reveals that a **wide range of activities can be utilised to support farmer wellbeing**, including: renewable energy generation, branding and marketing local products, care-farming, direct support networks (with and without psychologist input), and services supporting skills development and movement of labour.

Policy changes to initiate or support innovative social actions that benefit farmer well-being need to consider the local delivery context. Central and regional government support needs to be flexible and adaptable; where local level organisations exist policy should enable development; **where local organisations do not exist, action can be more effective when linked to existing organisations such as LEADER**, which can provide administrative and financial capacity to support innovative development.

[1] ECA (2022) Special report: EU’s LEADER approach for rural development <https://op.europa.eu/webpub/eca/special-reports/leader-10-2022/en/>

When seeking to initiate innovative solutions to improve farmer wellbeing, regional and/or national level policy makers should explore a range of possibilities with local stakeholders to identify barriers and opportunities to proposed innovations before committing programme funding. **Short-term and small-scale ‘Pilot-schemes’ can identify the types of actions likely to be more successful** within a specific context, and the type and scale of support needed.

Fixed costs, including the voluntary time inputs to establish new organisations, should not be under-estimated. Without financial and administrative support local initiatives will struggle to become operational and survive. Understanding stakeholder needs and objectives, and provision of relevant support (and seed-funding where needed) can improve the likelihood of success for new initiatives.

Volunteer time input is often a key element of success for local level innovative action. Understanding the scale of contributions is essential when considering overall programme costs, along with decisions on whether the voluntary aspects should be paid and/or better supported through training to build local capacity. Voluntary action, if too onerous or demanding, or required for long time-periods, can result in ‘volunteer burn-out’ and programme / scheme failure.



Where local initiatives have the capacity to address widespread national problems (e.g. migrants, such as the Ghetto Out project in Italy; Care Farming in Poland) **it is important to work with a wide range of stakeholders** to understand local needs (which may vary from one local area to another) and integrate action across multiple agencies operating at different government levels. The projects explored under FARMWELL have demonstrated that financial support is not always the key requirement for social innovations leading to improved wellbeing. Creating an enabling integrative operational environment, engaging the relevant mix of stakeholders, and provision of infrastructure, equipment, or space (temporary or permanent) may be more significant requirements for success.

Further information

Contact partners: UGLOS/ CCRI (UK) <https://farmwell-h2020.eu/our-partners/>

Check out FARMWELL website: www.farmwell-h2020.eu

Check out FARMWELL toolbox: <https://farmwell-h2020.eu/toolbox/>

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