

**BEST**

*boosting environmental  
and social topics*

## **IO3: Impact Assessment**

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# Project report of the Belgian team

BEST: overview of the process

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## INTRODUCTION

BEST stands for ‘boosting ecological and social topics’ (in companies and organizations). The acronym is the formulation of a process, and its goal is to improve Social and Ecological outcomes of companies and organizations -with a focus on the building & housing sector as far as Flanders is concerned - leading up to impacting societal outcomes in a positive way. BEST translates the broader perspective of desired impacts into possible frameworks and tools for impact management and impact measurement. But BEST also has an impact ambition of its own. The BEST project, in the case of KULeuven as a partner in this project, is clearly set on having an impact on the societal challenge of creating (and financing) affordable, accessible, ecologically sustainable, and energy-efficient housing.

KU Leuven used in this project its expertise related to environmental and social impact assessment and especially in the developed of measuring practices for social innovation.

The other partners (in Italy, Portugal, and Germany) may have slightly different focusses or scope, but all have similar views on the frameworks that inspire the desired changes and on methods to achieve those changes for the better.



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# **1. The first part of the BEST process (November 2020 to July 2022) was dedicated to finding a common ground and a mutual approach as well as working on the structure of the final output.** (The process was interrupted by Covid restrictions)

## 1.1 THE COMMON GROUND AND MUTUAL APPROACH

At the beginning of the 21st century, our western societies are at crossroads in almost all areas of life. These are decisively shaped by the tension between the possibilities that arise from scientific and technological progress and the limits that are seen in connection with this progress and express themselves in negative social and ecological consequences.

In various activities around the topic of social, ecological innovation, it became clear to the project partners that from large corporates to SMEs, the need for orientation related to social, ecological change is great. The context of this project can be described with the term VUCA world. For Prof. Dr. Michael Schmidt, a powerful strategy to deal with this volatile, uncertain, complex and ambiguous world is social innovation and he describes the interaction of people, organisations and industry with regard to social innovation as "Social Innovation 4.0" as an answer to Industry 4.0.

This is where the partners come in. Building on the basic principle that puts people at the centre, they are developing an implementation concept for social-ecological innovation that is based on the qualification and participation of the actual capital of companies, the employees. The project is aimed at employees as well as multipliers of vocational qualification around enterprises and at people who aspire to be founders in or outside enterprises or who have talent and skills in this direction. As two of the partners come from the youth work sector, transitions from school or unemployment to work as well as the visualisation of new occupational fields are also focused on.

Social economy, sustainable finance and social entrepreneurship (SE) approaches have developed in the individual partner member states in recent years. For the most part, they still act according to the principle of "Act local" and thereby achieve measurable, positive, social and ecological impact. This is often successful because a high "commitment" of the participants has made the emergence of innovative forms of cooperation possible. The project now wants to extend this principle by the aspect of "Think European". The local perspective does not do justice to a networked Europe. Local action based on European, networked thinking is the approach and goal of the project partners. Therefore, the heart of the project is deliberately the development of an integrating educational tool to address the social-ecological issues that companies are confronted with the involvement of a Social Impact Manager in the company.

The approach of the project was based on the complementary collaboration by the different partners. **Starkmacher e.V.** brought in the pedagogical didactic approach of the "Starkmacher Principle" developed in the StarkmacherSchule project. **KU Leuven** showed the interest in deliberately focusing on disadvantaged groups as drivers of social innovation and thus sources of business innovation. Using the example of the European UIA project

ICCARUS and the European Interreg NWE-project CBCI on circular economy it showed how, in response to complex social challenges, an association of different actors in a city achieves sustainable positive social impact. The **AIPEC** social-ecological vision is inspired by the Italian approach to the civil economy, the "economia civile". **AMU** mainly has a focus in working with young people with difficult access to the labour market. It has a very strategic, didactically well-developed approach in the field of social entrepreneurship and qualified young people to become entrepreneurs.

The GECES <sup>expert</sup> group on Social Economy and Social enterprises<sup>2</sup> gave in 2014 the following definition to measuring social impact

**“The reflection of social outcomes as measurement, both long- term and short-term, adjusted for the effects achieved by others (alternative attribution), for effects that would have happened anyway (deadweight), for negative consequences (displacement) and for effects declining over time (drop off)”.**

<sup>2</sup> The GECES (Commission Expert Group on the Social Economy and Social enterprises) was constituted to advise the European Commission on policy initiatives related to the social economy and social enterprise. This consultative body is set up by the Commission is composed of 40 experts from the private sector (check all members here), 40 experts from the public sector and observers from organizations such as the OECD and the UN.

## 1.2 THE STRUCTURE OF THE FINAL OUTPUT

### 1.2.1 The structure of the curriculum

It was decided that the curriculum would consist of 5 workshops, of which the first 3 would be about ‘content’ and ‘strategy’ and the final 2 workshops would be about ‘method of management’ and ‘method of measuring’ for social impact. Together with a ‘toolbox’ and a communication platform for collaboration on the level of any organization using the curriculum (Billboard), the Best Project would deliver a curriculum to inform, educate and inspire organizations who have positive social (and ecological) outcomes in their mission. To define the target group, the term ‘*social entrepreneur*’ and ‘*impact investor*’ are used throughout the process. All possible legal forms are considered when defining the target group, therefore no stakeholder category or legal form is excluded from the group of end-users (beneficiaries).

The first two workshops are situated on the macro level (global, societal, political, macro-economic), including the analysis of the main challenges ahead. The third workshop is presenting the main frameworks that inspire BEST. These frameworks are present throughout the curriculum.

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The last 2 workshops are situated on the level of the company or organization and have a more ‘hands-on’ approach. The focus is on the (business)strategy, the actions, the implementation of the actions and the measurement of the results in terms of outcomes and impact.

### 1.2.2 Stakeholder approach

Within the cycle for Social Impact Management, the stakeholder analysis plays a crucial role, so evidently the BEST project had to have an input from its most direct stakeholders. The main stakeholders for the BEST project are companies and organizations who are impact driven. The partners developing the Curriculum (workshops, KULeuven in Flanders and AIPEC in Italy, interviewed several companies and organizations which could be categorized as social enterprises. The Italian partner interviewed 9 organizations and the Belgian partner interviewed 19 organizations.

To define the target group for the interviews, we used the term ‘social enterprise’ as defined by the EVPA (European Venture Philanthropy Association).



### Results of the interviews of Belgian stakeholders.

Social enterprises are very diverse and take on different shapes (scope and scale) and forms (legal structures). They work in many different sectors, and they are widely varied in size and life cycle phase. Therefore, representatives of different types of companies and organizations were interviewed.

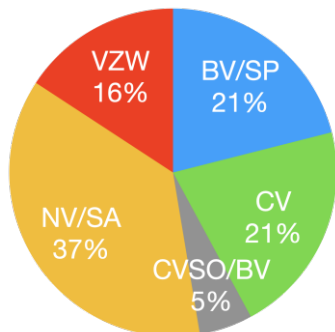


Figure 1:  
types of companies by legal structure

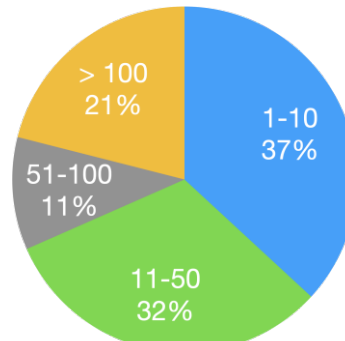


Figure 2:  
types of companies by number of employees

The legal structure of the organization represented by the interviewees are (in Flanders): vzw (not for profit), BV (legal entity for business with limited liabilities), NV (public or privately owned companies), CV (cooperative entity). One organization, the largest (private) social housing company in Flanders, was in transition from a cooperative structure to a BV structure, and therefore mentioned separately. To date, the transition has been completed.

The results of the structured interviews were presented to all project partners, as well as to the group of interviewees (on the Flemish / Belgian level).

The main take aways in Flanders are:

- Most companies and organizations have heard about CSR and sustainability
- Concepts such as SDGs, Economy for the Common Good, Economy of communion or Doughnut Economy are much less known.
- No correlation between legal structure (and governance) and intensity of knowledge/ practice in CSR or Social Impact management could be found due to time constraints and methodological limitations.
- No correlation between the size of the organization and the intensity of knowledge/practice in CSR could be found due to time constraints and methodological limitations.
- There is very little knowledge about the frameworks presented in the curriculum or about the instruments for managing and measuring impacts.
- There are few formal practices, including dedicated means and explicit strategy on CSR and Social Impact.
- A lot of good intentions are expressed as well as testimony to informal good practices within the organizations.
- There is a great need for knowledge and coaching on CSR, and on making Social Impact manageable and measurable.

### 1.2.3 The Toolbox

The toolbox consists of both didactical tools, tools for strategic exercises as well as management tools. These are complimentary to the workshops/curriculum. The Portuguese partner is responsible for that item.

### 1.2.4 BILLBOARD app

This is an instrument provided to any organization or company starting a process of Impact Management, using the BEST curriculum. It allows communication on the process, project, and organizational level. The German partner is responsible for that item.

## **2. The second part of the process (July 2022- January 2023) was dedicated to content development and didactical methods for the curriculum.**

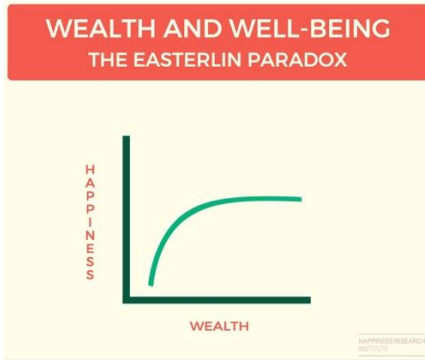
### 2.1 The content of the curriculum

The next step in the BEST process was to establish and elaborate on the main frameworks and instruments which are being used in the curriculum.

In the first workshop (or chapter of the curriculum) the framework used is that of the SDGs. A lot of information is given about global problems and about which challenges are poignant on the level of international, national, institutional, societal, and communal level.



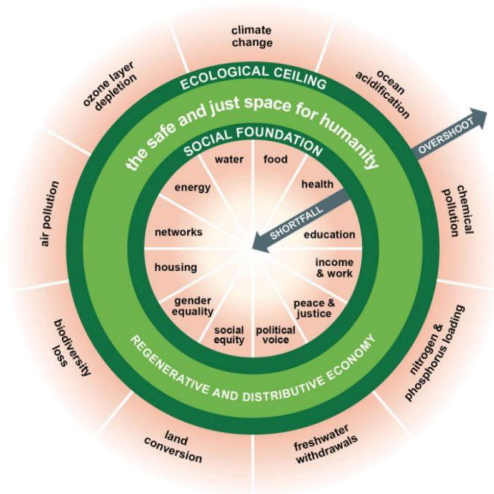
In the second workshop the systemic causes of the current crises are analysed, namely the reversal of the goal to purpose ratio, the financialization of the economy and the collapse of the moral premisses that are crucial to a valuable vision and mission for companies, organizations, families, and people. One of the examples given is the Easterlin Paradox.



In the third workshop the ‘alternative economic frameworks’ are introduced. These frameworks are the inspiration and guide us in formulating goals and content of any process of management and measurement of Social (and environmental) Impacts of companies or organizations. The frameworks the partners agreed upon are **Doughnut Economy, Economy for Common Good** and Economy for Communion.

## THE FRAMEWORKS

### 1. Doughnut Economy





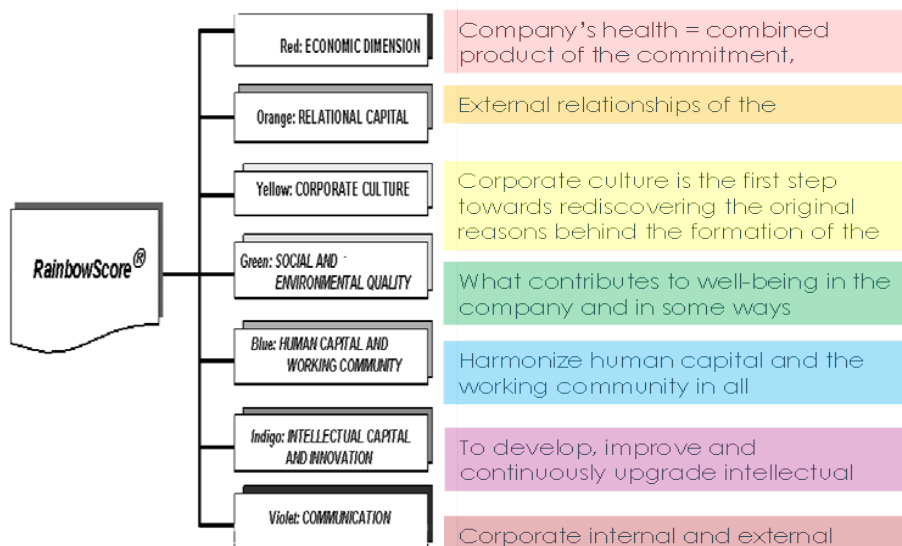
## 2. Economy for Common Good

### COMMON GOOD MATRIX 5.0



VALUE	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
<b>STAKEHOLDER</b>				
<b>A: SUPPLIERS</b>	<b>A1</b> Human dignity in the supply chain	<b>A2</b> Solidarity and social justice in the supply chain	<b>A3</b> Environmental sustainability in the supply chain	<b>A4</b> Transparency and co-determination in the supply chain
<b>B: OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS</b>	<b>B1</b> Ethical position in relation to financial resources	<b>B2</b> Social position in relation to financial resources	<b>B3</b> Use of funds in relation to social and environmental impacts	<b>B4</b> Ownership and co-determination
<b>C: EMPLOYEES, INCLUDING CO-WORKING EMPLOYERS</b>	<b>C1</b> Human dignity in the workplace and working environment	<b>C2</b> Self-determined working arrangements	<b>C3</b> Environmentally-friendly behaviour of staff	<b>C4</b> Co-determination and transparency within the organisation
<b>D: CUSTOMERS AND OTHER COMPANIES</b>	<b>D1</b> Ethical customer relations	<b>D2</b> Cooperation and solidarity with other companies	<b>D3</b> Impact on the environment of the use and disposal of products and services	<b>D4</b> Customer participation and product transparency
<b>E: SOCIAL ENVIRONMENT</b>	<b>E1</b> Purpose of products and services and their effects on society	<b>E2</b> Contribution to the community	<b>E3</b> Reduction of environmental impact	<b>E4</b> Social co-determination and transparency

## 3. Economy of Communion



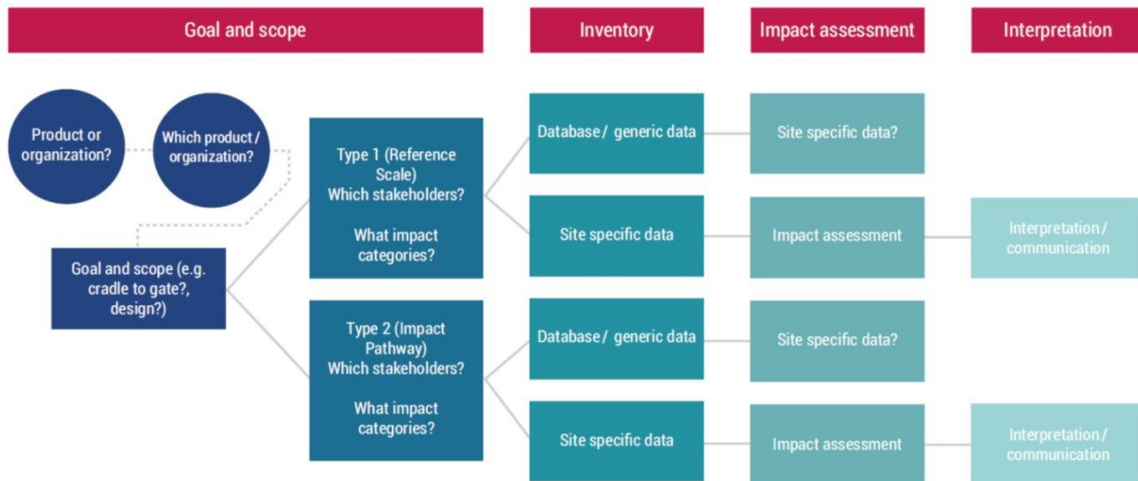
### MANAGING and MEASURING SOCIAL IMPACT (workshop 4 and 5)

For both the Economy for the Common Good (ECG) and the Economy of Communion (EoC) its instruments will be included in the workshops 4 and 5. At the time of the research, a *Doughnut Economy* instrument for businesses was not available until late in the process, so it could not be integrated in the BEST approach. Nonetheless, it could be included in any further development of the curriculum.

On the other hand, the method of *Social LCA* was added as an instrument for measuring impacts, but not coupled to a specific framework. The Social LCA is an approach used in the context of production of materials and products and is strongly 'connected' to the S's as it has a very global (supply chain) approach to it. To the Belgian partner, the KULeuven-Gent research group Building Physics and Sustainable Design, the Social LCA was already known,

next to the ‘regular’ , and used in other projects, such as CBCI (circular biobased construction industry).

The Social LCA can be used on the product (or user) level but doesn’t necessarily say anything about the level of an organization. This becomes clear when we look at the overview of the method of Social LCA (SO-LCA).



To illustrate the difference between the optimisation of processes and products through an assessment of the quality of a project on the one hand and the quality of the Social Impact attained through outcomes of an entire organization on the other hand, we can distinguish between the retrospective and the prospective instruments for sustainability assessment.

**A project quality assessment is done on the level of inputs and outputs (retrospectively) whilst a Social Impact Assessment is done on the level of outcomes and impact (prospectively).**

A framework for sustainability assessment tools is proposed by Ness (ref?) based on two aspects: a temporal focus and the object of focus of the tool. The temporal focus is either retrospective (indicators/indices), prospective (integrated assessment) or both (product-related assessment). The temporal prospective tools may evaluate past development (ex-post or descriptive), or may be used for predicting future outcomes (ex-ante or change-oriented) such as a policy change or an improvement in a production process. The object focus is either spatial, referring to a proposed change in policy on a regional level, often the national level (indicators/indices and integrated assessment), or at the product level (product-related assessment).

The object of the BEST assessment tools will be the organization. The temporal focus will be prospective. (Alexis Versele, Measuring Social Impact, 20/11/2021)

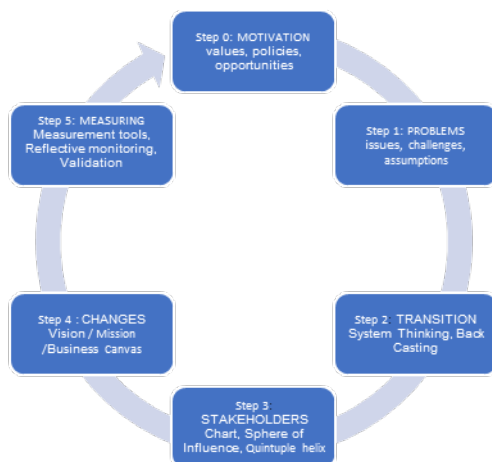
Looking at the existing instruments for measuring Social Impact in particular, the LCA perspective led us to making a gap analysis of three instruments: Social LCA, The Common Good Matrix and the EoC Rainbow Score. It allows for insights on which stakeholders are not (or implicitly) mentioned in any of the instruments, as well as noting the (subtle) differences in the definition of impact categories (topics).

Social Organizational Life Cycle (product / organization)					Economy of Common Good Matrix (societal)					Economy of Common Good - Rainbow Scoring (organization)							
Stakeholder	Human dignity	Solidarity & social justice	Environmental sustainability	Transparency & co-determination	Stakeholder	Human dignity	Solidarity & social justice	Environmental sustainability	Transparency & co-determination	Stakeholder	Economy	Human Capital	Corporate Culture	Social Environment Quality	Human Capital	Intellectual Capital	Communication
Worker	Health & Safety Child labor Forced labor Sexual harassment		Occupational improvement Working hours Equal opportunity Freedom of association Fair salary Social benefits/equality	Employee relationship	Employees	C1: Human dignity in the workplace and working environment C2: Self-determined working arrangements C3: Environmentally friendly behaviour of staff C4: Co-determination and transparency				Employees	New job opportunities Benefits	Friendship	Training people involved in company life legality	Work climate analysis Well-being and health responsible and fair contractual work/contracts	Working community / places Networking/online / training	Employee participation	
Local Community	Health & healthy living conditions Respect of indigenous rights Inclusiveness and engagement Cultural heritage		Access to material resources Access to material resources Community engagement		Local community					Local community							
Value chain actors	Fair competition Supplier relationship Wealth distribution		Promoting social responsibility Wealth distribution	Intellectual property rights	Suppliers	A1: Human dignity in the supply chain A2: Solidarity and social justice in the supply chain A3: Environmental sustainability in the supply chain A4: Transparency & co-determination				Suppliers	Production		product quality certification environmental impact				External participation
Consumer	Health & Safety Consumer privacy		End of life responsibility	Feedback mechanism Transparency	Customer	D1: Ethical customer relations D2: Cooperation and solidarity with other companies D3: Impact on the environment of the use and disposal of products D4: Customer participation and protection				Customer	Client satisfaction						Dialogue forms
Society	Ethical treatment of animals Prevention of abuses		Contribution to economic development Prevention of armed conflicts Commitment to sustainability Technology development	Corruption	Social environment	E1: Purpose of products and services and their effects on society E2: Contribution to the community E3: Reduction of environmental impact E4: Social co-determination and participation				Civil Society	Social relations Cultural traditions		Social initiatives Cultural traditions				
Children	Education Health issues as consumer		Concerns regarding marketing		Children					Children							
Owners					Owners	B1: Ethical position in relation to financial resources B2: Social position in relation to financial resources B3: Use of funds in relation to societal and environmental impact B4: Ownership and co-determination				Owners	Risk as source of profit		Definition of distinctive strategies and operational elements of corporate culture Transparency Company quality certification Infrastructure Corporate image			Partner participation	
Public administration					Public administration					Public administration	Regulation						

What this GAP analysis teaches us is that each of the instruments has a different scope. The Social LCA is clearly focussing on the global level. The ECG matrix is focussing on the societal level and the EoC Rainbow score on the communal and organizational level. The stakeholder focus is accordingly for each instrument, as well as the impact categories.

This led us to developing a process for (re)defining impact categories, attributing impact categories to stakeholder categories and designing appropriate indicators for each impact category.

But before an organization can start measuring impact of any kind, there needs to be a process of impact management in place.



This circular management process mirrors the curriculum, so far as the first three workshops of the curriculum as well as the first four steps of the management cycle have a focus on the relation between the corporate perspective and the ‘outside world’. In the first three workshops of the curriculum the relation with the vision, mission, goals and impact of any organization or enterprise is weak. This is a learning curve for anyone on the level of general awareness and systemic analysis. During the first four steps of the management process, the focus is on strategic choices, setting goals and knowing very well the relevant stakeholders. Therefore the ‘exercises’ done in the first three steps of the management process largely overlap with the content of the first three workshops of the curriculum.

But all in all the management cycle has a more ‘inward’ focus and certainly step 4 and step 5, which is on the level of actions and measurement of impact.

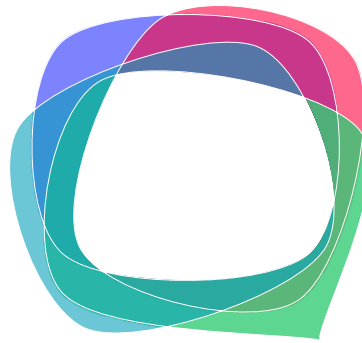
Workshop four of the curriculum functions as a ‘fractal’ of the whole curriculum whereby workshop four is the implementation of the management cycle in the organization and step 4 within the management cycle is looking at the Business Model Canvas to determine the actions to be taken on the operational level. And step 5 in the management process is mirroring workshop 5 (of the curriculum), which is the choice of measurement tools and implementation of collecting data (both internal and external data).

The curriculum is presented as process of education and inspiration. But the next step for any organization interested in putting the BEST curriculum in practise (implementation in an organization), is advised to work with a consultant for the translation of the lessons learned towards a specific context and stakeholder group linked to goals of the organization.

Within the time constraints, the Belgian team set up two ‘test’ workshops, one regarding workshop four (of the curriculum) and one regarding workshop five (of the curriculum). The result of the two ‘test’ workshops are:

- 15 participants, 2 sessions (participants are mainly ‘frontrunners’)
- 11 companies or organizations were represented, all but one related to building/housing
- 3 cases were discussed (all cases were organizations present), each had a Social Business Model Canvas that was created in a participatory way.
- 8 stakeholder categories were determined beforehand (from the GAP analysis)
- 65 possible impact categories were determined during the exercise
- More than 100 possible indicators were listed

Due to time constraints, it was not possible to go into the information about the data collection process, so no short list of indicators was initiated. But we can safely say that the participants came to the insight that Social Impact is not only a nice to have, but an essential part of impact driven (value driven) organizations and that Social Impact can be managed and measured. The ESG requirements makes it even more urgent to get as many companies and organizations to manage, measure but also report on Social Impact as part of ESG reporting.



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