

FOODFORWARD SA

SOCIAL RETURN ON INVESTMENT REPORT 2021 \ 2022

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FOODFORWARD SA: SOCIAL RETURN ON INVESTMENT

1.1 INTRODUCTION

The Social Return on Investment (SROI) is a process of understanding, measuring and reporting the social, environmental, and economic benefits derived from all stakeholders, from specific activities, and placing a monetary value to each element. This “return” is then compared against the cost of generating the outcomes, the “investment”. (Lawlor, Neitzert & Nicholls, 2008).

SROI analysis can be performed prospectively or retrospectively. The former forecasts the expected social value that will be generated by planned activities, the later evaluates the social value that has been generated from past activities (Goodspeed, et al. 2012). In accordance with the scope of the engagement Impact Amplifier has limited the FoodForward SA’s (FFSA) SROI to the retrospective approach covering the financial year to February 2022. The calculation is limited, to only the social, environmental, and economic value that is derived from the Second Harvest, FoodShare, and Warehousing programmes. Additionally, Impact Amplifier’s SROI calculations were derived from: data provided by FoodForward SA for the period March 2021 – February 2022; publicly available information for this period; and previous SROI calculations done for the fiscal period in 2019/20.

The SROI calculations updated were originally derived from interviews done with FFSA’s Beneficiary Organisations. The cost of inflation was applied to the original data gathered in 2019/20 to update the figures used. To ensure any SROI is measuring what matters, it is important to have developed a Theory of Change (ToC). The ToC documents: the assumptions an organization has about the particular social issue it intends to address; what its activities will be to address this social issue; and what it believes will be the results and impact of its activities. As FFSA does not have a Theory of Change at present, Impact Amplifier in consultation with FFSA, defined the scope of the following SROI calculation based on its experience and the information available. The analysis that follows breaks down the calculation into four stages: impact mapping, cost allocation, impact valuation, and SROI calculation. Each stage derives vital information that generates the final SROI.

1.2 IMPACT MAPPING

The scope of the impact mapping has been limited to the key stakeholders in the FFSA value chains of the Second Harvest, FoodShare, and Warehousing Distribution programmes. The first group of key stakeholders can be grouped under Food Producers & Food Retailers, and the second group are the Beneficiary Organisations. The impact generated occurs across both groups of stakeholders at differing points of the value chain, the collection of surplus food or the distribution of food. The Impact Mapping Table 1 depicts the inputs, outputs and outcomes of the FFSA operations for each stakeholder group.

The four outcomes are:

-  Reduction in Carbon Emissions;
-  Diverted Waste from Landfill;
-  Meals Served to the Vulnerable; and
-  Continued Support of Beneficiary Organisations.

Stakeholder	Inputs	Output	Outcomes	Metric	Value	Units	Source	
Food Producers & Food Retailers	Surplus Food	Surplus Food produced \ unsold is collected and re-enter value chain	Reduction in carbon emissions from wasted food	Net Carbon Emissions data	139	Rand pere Tonne	https://www.gov.za/sites/default/files/gcis_document/201905/4248323-5act15of2019carbontaxact.pdf Adapted this figure from 2019/20 by applying 5% inflation compounded annually for three years to the original amount of R120 per tonne.	
			Food waste diverted from landfill	Net Tones of food saved	327	Rand pere Tonne	https://www.greencape.co.za/assets/WASTE_MIR_7_4_22_FINAL.pdf Used the latest average amount excluding VAT from the 2021/22 GreenCape report.	
Beneficiary Organisations (BO)	Time and Food	Supply of food for vulnerable individuals / communities	Increase in number of meals served to vulnerable	Average number of meals served per BO	32	Rand per Meal	Average costs per meal served by Beneficiary Organisations as per 2020 Impact Assessment adjusted for inflation at 5% compounded annually.	
			Continued operation of associated social activities.	Educational Services: ECD / Creche. Number of children in programmes.	198	Rand per Month per Child	https://www.gtac.gov.za/wp-content/uploads/2022/02/Costing-Centre-Based-Early-Childhood-Development-Programmes-for-Children-Under-Age-Five-Case-Studies-From-the-Western-Cape.pdf This is the only source publicly available that addresses these costs. It was drafted in 2008. A 5% inflation rate compounded annually for 14 years was applied to the figures in this report.	
				Educational Services: Number of children in School / After-school Care.	198	Rand per Month per Child		
				Educational Services: People enrolled in Skills / Community Development.	198	Rand per Month per Child		
				Youth & Community Development: Number of Orphans / Vulnerable Children.	900	Rand per Month per Child		https://www.researchgate.net/figure/1-Cost-Effectiveness-Analysis-of-the-Six-Models-of-Orphan-Care-in-South-Africa_tbl1_236630949 https://bettercarenetwork.org/sites/default/files/2021-01/fs-19-342.pdf https://academic.oup.com/hnapo/article/22/1/1/674323?login=false The price per month used assumes a mix of residential and non-residential care from a range of different types of providers with varying cost structures.
				Youth & Community Development: Number enrolled in community feeding programme.	32	Rand per Month		Average costs per meal served by Beneficiary Organisations as per 2020 Impact Assessment adjusted for inflation at 5% compounded annually.
				Youth & Community Development: Number enrolled in Shelters /rehab.	1,381	Rand per Month		https://www.saferspaces.org.za/uploads/files/Policybrief_reports_sheltershousingabusedwomen_updatedOct2013_1.pdf This is the only source publicly available that addresses these costs. It was drafted in 2013. A 5% inflation rate compounded annually for eight years was applied to the figures in this report.
				Youth & Community Development: Number enrolled in Support groups / Clubs.	198	Rand per Month		https://www.gtac.gov.za/wp-content/uploads/2022/02/Costing-Centre-Based-Early-Childhood-Development-Programmes-for-Children-Under-Age-Five-Case-Studies-From-the-Western-Cape.pdf This is the only source publicly available that address this cost. It was drafted in 2008. A 5% inflation rate compounded annually for 14 years was applied to the figure in this report. .
				Health Care: Number of Aged / Frail in Care	12,478	Rand per Month		https://businesstech.co.za/news/finance/216875/how-much-it-costs-to-move-into-a-retirement-home-in-south-africa/ This is the only study publicly available of various types of frail care costs. Applied 5% inflation compounded annually for five years to an average figure derived for different types of frail care costs for low income populations.
				Health Care: Number of Disabled individuals in care.	2,875	Rand per Month		https://sabfoundation.co.za/news-1/2019/4/2/the-true-cost-of-disability https://www.unicef.org/southafrica/reports/elements-finan-cial-and-economic-costs-disability-households-south-africa http://www.scielo.org.za/scielo.php?script=sci_arttext&pid=S2226-72202017000100007 The cost used assumes a combination of rehabilitation, wheelchair provision (amortized over three years), counselling and transportation costs.
Health Care: Number of individuals with HIV /Aids in care.	458	Rand per Month	https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6391029/ The cost per month used assumes the following services are provided: ART drugs, HIV testing, education and counselling					

Table 1: FFSA Impact Mapping

1.3 BENEFIT ANALYSIS

Desktop research was undertaken to identify an independent valuation for each outcome identified, the sources for each valuation have been included in the Table above. The fourth outcome; Continued Operations of Social Services provided by the Beneficiary Organisations, has been further broken down by organisation type and a value identified for the difference social services provided.

The units or measure of benefits were identified from various publicly available sources and Impact Amplifier's original interview data collected in 2020, which was updated for inflation and the Beneficiary Organisations being served. The 2020 Impact Assessment collected data from 60 organisations which was a representative sample of the 379 that were in the FFSA network. A ratio of 6.32 (379/60) was used to convert the data collected from the 60 organisations to reflect all 379. As FFSA's Beneficiary Organisations have increased from 379 in 2019/2020 to 1760 in 2021/22 this ratio has also been adjusted to 29.33 or (1760/60). The calculations used in this analysis therefore assumes that what was reported by the Beneficiary Organisations in 2020 is still relevant in 2022 and therefore can be applied to the entire group of organisations FFSA is supporting. This kind of extrapolation of the data and subsequent calculations are not advised to be done again as the outcomes may grossly misrepresent the benefits being received from FFSA.

To understand how the final SROI was calculated it is also critical to define the Deadweight, Displacement and Attribution. By defining the Deadweight and Displacement and removing both the final Attribution can be defined which is relates to FFSA's activities.

This is further explained below:

-  **Deadweight**, estimates the value of the outcomes that would have occurred without FFSA's intervention. From the SROI Benefits table above, for outcomes 1 & 2 this has been calculated as the percentage of FFSA donated food the Beneficiary Organisations are unable to use due to damage or spoilage. For outcomes 3 – 13 deadweight has been measured as the percentage of respondents signalling that their operations would have continued without FFSA's support.
-  **Displacement** is another component of impact and is an assessment of how much of the outcome displaced other outcomes. For the FFSA SROI calculation Displacement was assumed to be 0%.
-  **Attribution** is the amount of the total social benefit that can be attributed to FFSA. Again from the SROI Benefits table above, for outcomes 1 & 2, 100% of the benefit can be associated to FFSA as this is a direct impact of their operations. However, for outcomes 3 – 13 where independent BO's are generating the impact, a low percentage of their social impact can be attributed to FFSA. This has been calculated as the weighted average amount based on the food provided by FFSA to these organisations and whether food is a determining factor for providing the social benefit.

Deducting the Displacement and Deadweight, the Attribution from the initial returns calculated gives the final Annual Benefit Return for the year to February 2022 of R8.25bn

Table 2: SROI Benefits below illustrates how Displacement, Deadweight and the final Attribution were derived for each benefit.

Outcomes	Measure Or Units	Source	Extrapolation Factor	Total Return	Less Deadweight				Attribution To FFSA - % of social services which would not exist without FFSA and % of FFSA food of overall food mix = FFSA attribution				Annual Total
Reduction in carbon emissions from wasted food	42,114	The Green House FFSA GHG Emissions Estimate	1	5,850,322	13%	779,247	Food wasted by BO organisations	5,071,075	0%	-	N A	5,071,075	5,071,075
Food waste diverted from landfill	10,529	FFSA Tonnage Data	1	3,444,169	13%	458,754	Food wasted by BO organisations	2,985,415	0%	-	N A	2,985,415	2,985,415
Increase in number of meals served to vulnerable	6,277,632	IA Interview Data	29.33	5,961,289,568	70%	4,172,902,698	Percentage of organisaons who would be able to connue services without FFSA donacons.	1,788,386,870	79%	1,415,549,422	Weighted Average % of meals not provided by FFSA	372,837,448	372,837,448
Continued operation of associated social activities.	203,028			1,179,145,888	72%	851,605,364		327,540,524	80%	262,866,807	64,673,718	64,673,718	
	506,724			2,942,951,322	73%	2,158,164,303		784,787,019	58%	457,338,645	327,448,374	327,448,374	
	647,736			3,761,920,725	80%	3,009,536,580		752,384,145	63%	473,908,064	278,476,081	278,476,081	
	947,580			25,016,112,000	65%	16,314,855,652		8,701,256,348	69%	6,022,406,567	2,678,849,781	2,678,849,781	
	833,616			791,608,423	80%	633,286,738		158,321,685	70%	111,097,527	47,224,158	47,224,158	
	21,696			879,158,325	57%	502,376,186		376,782,139	51%	193,267,564	183,514,575	183,514,575	
	31,560			183,294,148	75%	137,470,611		45,823,537	73%	33,644,582	12,178,955	12,178,955	
	247,572			90,618,121,082	80%	72,494,496,866		18,123,624,216	78%	14,214,627,898	3,908,996,318	3,908,996,318	
	17,052			1,438,052,000	67%	958,701,333		479,350,667	32%	151,226,533	328,124,133	328,124,133	
13,260	178,143,680	75%	133,607,760	44,535,920	18%	7,789,432	36,656,488	36,656,488					

Table 2: SROI Benefits

1.4 COST ANALYSIS

The February 2022 management accounts reflecting the 2021/22 fiscal year were provided by FFSA against which, several adjustments were made to obtain the true cost of the social outcomes delivered. The adjustments included; the reversal of the holiday pay accrual and wage control account, the inclusion of the accrual for the 2022 audit fee, and adjustments for the value-in-kind donations received by FFSA.

	<u>2022</u>
 - - - - Cost per Feb 2022 Management Accounts (Fiscal year 2021/22)	R42,417,152
 - - - - Salaries, Wage Control and Holiday Pay Reversal	(11,483)
 - - - - Audit & Accountancy Accrual	0
 - - - - Gifts-in-Kind (Food, Services and Volunteer Time)	0¹
 - - - - Final Annual Costs	R42,405,669

Per the scope of this assessment, the SROI calculations have been limited to the Warehousing & Depots, FoodShare, and Second Harvest cost centres. Thus, all other programme costs which included Youth Internships and School Breakfasts were deducted from the total annual costs before calculating the SROI.

The FFSA Finance team, supplied the following allocation for these two programmes from March 2021 to February 2022.

 - - - - Final Annual Costs	R42,405,669
 - - - - School Breakfast	(242,976)
 - - - - Youth Internships	(716,786)
 - - - - Total Costs for SROI	R41,445,907

¹SROI calculations can be done with or without in-kind contributions included. In-kind contributions (food, volunteer time and other services FFSA received for free) have been excluded from this calculation. When included (food donated was worth R544m), the total costs attributable to the SROI calculation are R554,469,508 not R41,445,907. This dramatically reduces the final SROI to R14.87 instead of R198.98.

Eliminating all other programmes from the SROI calculations gives a total investment of R41.4m in pursuit of FFSA's social goals.

1.5 SROI

The FFSA SROI for year ending February 2022 was R198.98. For every R1 spent in pursuit of FFSA goals R198.98 of impact was generated.

This has been calculated from the costs and benefits documented above:

$$\text{SROI} = \frac{\text{Total Social Benefits}}{\text{Total Aributable Costs}} = \frac{\text{R8,247,036,519}}{\text{R41,445,907}} = \text{R198.98}$$

1.6 SROI: FOOD DONATIONS, MEALS SERVED, ECONOMIC VALUE

Another way to understand FFSA's SROI is by considering the amount of food (excluding non-grocery FFSA donations) it distributes to Beneficiary Organisations, the amount of meals the Beneficiary Organisations were able to serve with this food, and the economic value this creates.

This calculation revealed, in the year under review, that: FFSA distributed 12,012,335Kgs of food; the Beneficiary Organisations served 48,049,342 meals during the course of this year with this food. This figure was derived by assuming that the average meal served weighed 250g. The value of each meal served, as per the average cost reported by the Beneficiary Organisations in 2020, adjusted for inflation, was R32 per meal.

The total economic meal value FFSA created was therefore R1.54 Billion, as represented below.



$$\text{Total Kgs Food Donated} = \text{Meals Served} = \text{Total R Value Created}$$

$$12,012,335\text{Kgs} = 48,049,340 = \text{R1.54 Billion}$$

1.7 REFERENCES

-  Goodspeed, et al. (2012), A Guide to Social Return on Investment, The SROI Network.
-  Lawlor, Neitzert & Nicholls (2008), Measuring Value: A Guide to Social Return on Investment (SROI), New Economics Foundaon, London.