

## Student Sponsorship: South Luangwa The Methodology

### THE PRINCIPLES OF SOCIAL VALUE

- 1 Involve stakeholders
- 2 Understand what changes
- 3 Value what matters
- 4 Only include what is material
- 5 Do not overclaim
- 6 Be transparent
- 7 Verify the result
- 8 Be responsive

Social Value International advocates for a **principles-based approach** and framework to account for value. The principles are a combination of accounting principles (for measurement) and management principles (for transparency and improved decision making). The principles are adapted from existing disciplines such as financial accounting, sustainability reporting, evaluation, and general social research. They have been designed to support the production of 'social value accounts' and decision making that optimises impacts on wellbeing for all materially affected stakeholder groups.

### PERCENTAGE OF TOTAL PROGRAMME VALUE BY MATERIAL STAKEHOLDER GROUP

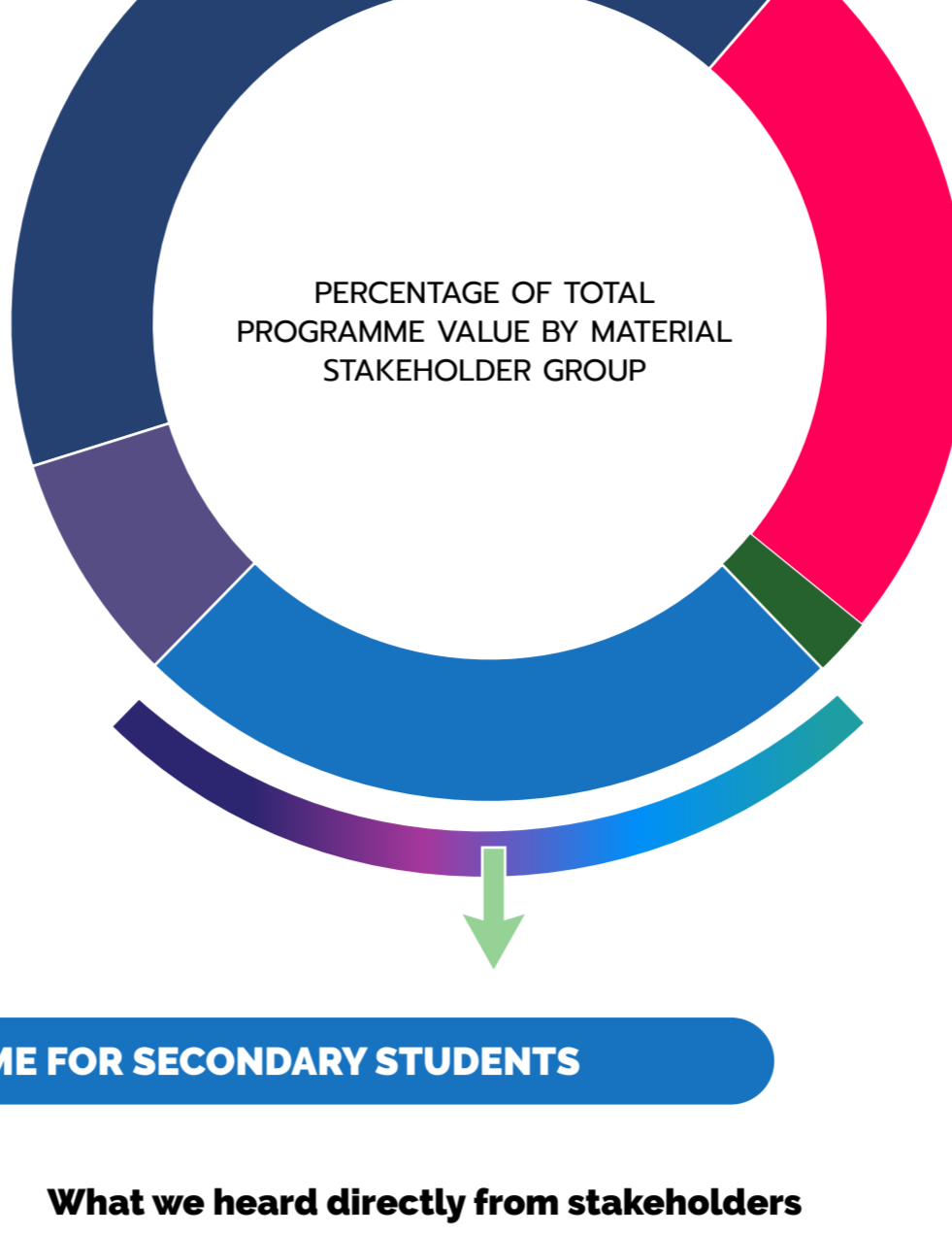
PARENTS | 42%  
SIBLINGS | 25%  
SECONDARY STUDENTS | 23%  
TERTIARY STUDENTS | 8%  
OTHER STAKEHOLDERS | 2%

TOTAL VALUE GENERATED: \$2,455,518

#### SECONDARY SCHOOL STUDENTS

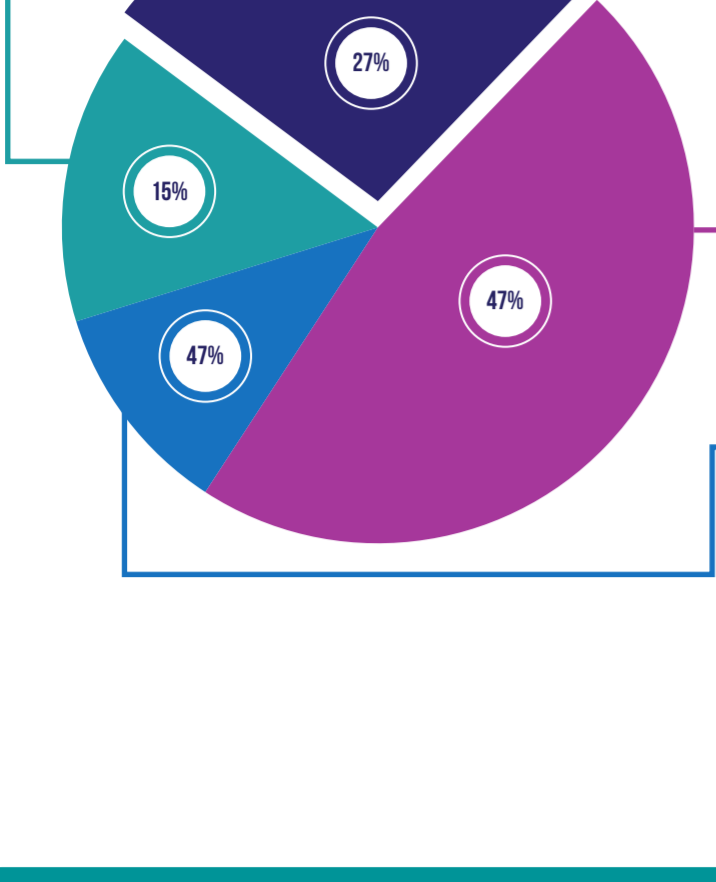
Experience 23% of value | \$ 557,882

- Improved prospects for independence
- Clearer pathway to fulfil cultural obligations
- Improved social skills
- Improved financial/resource management



### PERCENTAGE OF TOTAL VALUE BY OUTCOME FOR SECONDARY STUDENTS

#### What we heard directly from stakeholders



**\$81,872 - IMPROVED FINANCIAL/RESOURCE MANAGEMENT**

*"I have learned how to budget and use money wisely; this will help me in the future when I start earning my own income."*

**\$151,629 - IMPROVED PROSPECTS FOR INDEPENDENCE**

*"I have a better chance of getting a good job and earning enough income to meet all my needs."*

**\$261,662 - CLEARER PATHWAY TO FULFIL CULTURAL OBLIGATIONS**

*"I am now sure I will have enough money to pay for my younger siblings' school fees."*

**\$62,719 - IMPROVED SOCIAL SKILLS**

*"Meeting people from different backgrounds at boarding school has helped us understand others better. We now know how to treat people according to their personality and temperament."*

#### Stakeholder Engagement through Focus Groups and Interviews

- 1 First to determine outcomes (what, if anything, has changed)
- 2 Second to validate outcomes in the context of a theory of change, establish relative value of outcomes, discuss counterfactual, discounting factors, and valuation logic

### WORKED EXAMPLE: IMPROVED PROSPECTS FOR INDEPENDENCE

#### OUTCOME INCIDENCE

Achievement of this outcome was defined by the following two indicators (average of the two):

- 34 out of the 48 students originally enrolled in the programme were retained. The remaining 14 exited because they did not meet the academic and/or other sponsorship requirements necessary to stay on the programme. 34/48-72%
- 16 out of the 48 students achieved a quality pass, defined by TTF as an academic average of at least 60% (equivalent to a B in the American grading system). 16/48-33%

These respective indicator results were weighted equally and averaged to determine the **outcome incidence, which was 52%**.

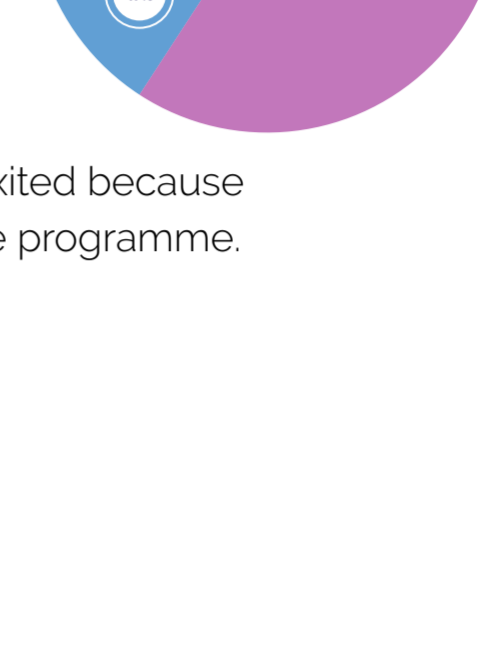
48	x	52%	=	25
TOTAL STAKEHOLDERS		OUTCOME INCIDENCE		STAKEHOLDERS WHO EXPERIENCED THE OUTCOME

#### HOW STAKEHOLDERS DESCRIBED IT

*"I am confident that I can take care of myself."*

*"I will be able to go to university, get a good job, and earn a good income."*

*"I will live in a good house, pay all my bills and be happy."*



#### FINANCIAL PROXY

**DEFINITION**  
Monetised amount assigned to a non-traded good

#### FINANCIAL PROXY

Students described independence as being able to comfortably pay their own bills and meet their own basic needs.

The proxy used therefore was the annual cost of living for one individual in Lusaka, including rent for a one-bedroom house and monthly public transport expenses. The value of the outcome of 'improved prospects for independence' was **\$2,573 USD**.

#### ANCHOR METHOD

The Anchor Method was applied for other outcomes for the stakeholder group. The financial proxy for this outcome – improved prospects for independence – served as the anchor for the other outcomes valued proportionately according to how stakeholders weighed the relative value of the outcomes.

**\$2,573**

GROSS VALUE OF OUTCOME PER STAKEHOLDER BEFORE DISCOUNTING

#### DEADWEIGHT

**DEFINITION**  
The amount of the outcome that would have happened anyway, even if the activity had not taken place.

#### DEADWEIGHT LOGIC

6% of the students indicated that extended family members could have supported their secondary education at boarding school, a critical pathway to achieving the grades needed for university entry, securing a good job, and ultimately attaining financial independence.

**\$2,573**

**\$2,419**

**\$2,419**

**\$2,419**

**\$2,419**

#### ATTRIBUTION

**DEFINITION**  
Determining how much of the outcome was the result of others' contributions or other factors.

#### ATTRIBUTION LOGIC

Students fully attributed the outcome of 'improved prospects for independence' to the sponsorship programme.

**\$2,573**

**\$2,419**

**\$2,419**

**\$2,419**

**\$2,419**

#### DISPLACEMENT

**DEFINITION**  
The degree to which the outcomes achieved are offset by the creation of potential negative value for other stakeholders.

#### DISPLACEMENT LOGIC

The value of improved prospects for independence does not preclude others from experiencing the value.

**\$2,573**

**\$2,419**

**\$2,419**

**\$2,419**

### VALUE OVER TIME PER INDIVIDUAL STAKEHOLDER

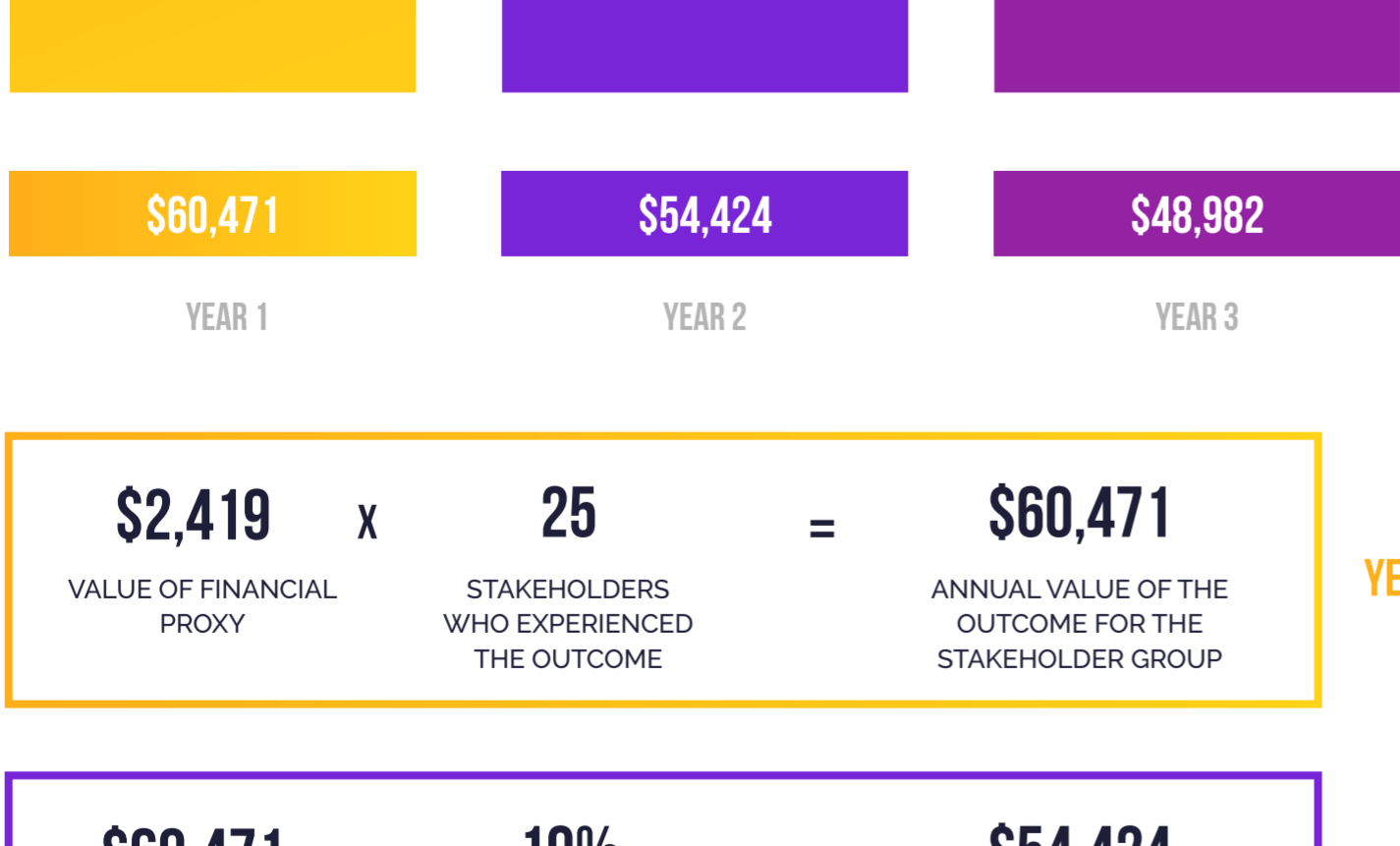
#### BENEFIT PERIOD & ANNUAL DROP OFF

##### DEFINITION

The duration of time the outcome is assumed to last and the degree to which its impact on the stakeholder will be influenced by other factors for outcomes that last more than one year (with the understanding that attribution to the activities under analysis often decreases over time).

#### BENEFIT PERIOD AND ANNUAL DROP OFF

After the first three years, other factors are likely to influence the students' actual prospects for independence, such as whether they are able to access college, university, or meaningful employment. While they are still in secondary school and in the immediate gap year following graduation, the programme remains a significant contributor to their future trajectory. However, by the second year after leaving secondary school, if they have not progressed into further education or employment, their improved prospects for independence may no longer be directly attributable to the programme. A 10% annual drop-off is applied to reflect the decreasing extent to which the programme alone can be credited for long-term outcomes as other life circumstances begin to play a greater role.



\$2,419	x	25	=	\$60,471	YEAR 1
VALUE OF FINANCIAL PROXY		STAKEHOLDERS WHO EXPERIENCED THE OUTCOME		ANNUAL VALUE OF THE OUTCOME FOR THE STAKEHOLDER GROUP	

\$60,471	-	10%	=	\$54,424	YEAR 2
VALUE OF FINANCIAL PROXY		ANNUAL DROP OFF RATE		ANNUAL VALUE OF THE OUTCOME FOR THE STAKEHOLDER GROUP	

\$54,424	-	10%	=	\$48,982	YEAR 3
VALUE OF FINANCIAL PROXY		ANNUAL DROP OFF RATE		ANNUAL VALUE OF THE OUTCOME FOR THE STAKEHOLDER GROUP	

\$60,471	+	\$54,424	+	\$48,982	=	\$163,877
YEAR 1		YEAR 2		YEAR 3		TOTAL VALUE

Total value for affected stakeholders over full three-year benefit period, with 10% reduction in value annually

#### DISCOUNT RATE LOGIC

The future returns of the outcome (years one through three) are discounted at 9% (Zambian interest rate in 2022) to reflect present value in real terms.

#### DISCOUNT RATE

**DEFINITION**  
The rate of return used to discount future cash flows back to their present value.

**\$163,877**

Total value of the outcome "Improved prospects for independence" for all affected stakeholders before applying the discount rate.

**\$151,629**

Total value of the outcome all affected stakeholders discounted to the present value.

This methodology is applied to each outcome per materially affected stakeholder group and then summed up to calculate the total social value of the programme. The total value is then divided by the total investment in South Luangwa and the value of in-kind contributions) to generate the final SROI ratio. For the Student Sponsorship Programme in South Luangwa, 6 stakeholder groups experiencing a collective total of 15 outcomes were assessed to generate the total value of \$2,455,518 against investment of \$135,292, yielding a social return of \$18.15 USD for every \$1 USD invested.

