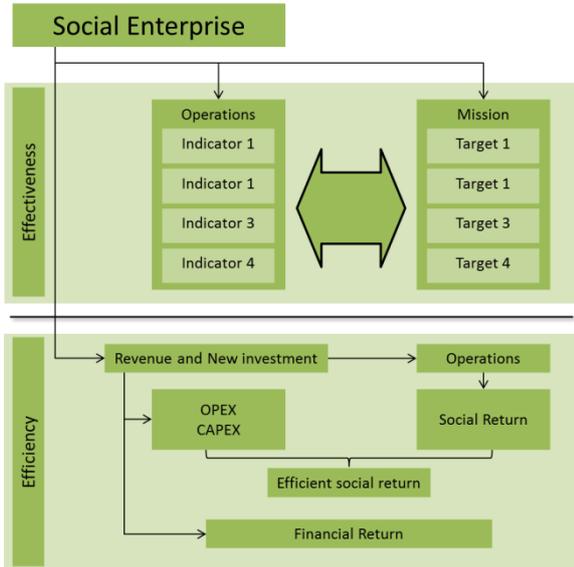


Impact Framework and Projections

The Shujog Impact Framework™ is a management tool for sustainable management of Social Enterprises (SEs). The Framework structures performance management to track and enhance the effectiveness of realizing the SE’s mission and ensures efficient use of human and capital resources to maximize social and environmental impact.



Effectiveness

The fit between measures of the impact of the SE’s operations and the targets for successful mission realization

Efficiency

The relationship between resources spent on delivering the SE’s services and the social return from their operations

Measures effectiveness of mission realization

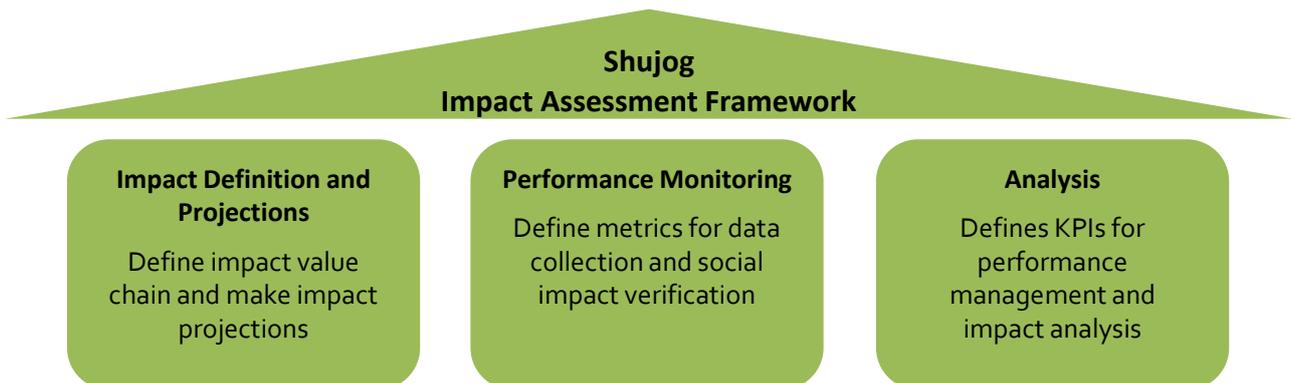
- Analyzes whether the SE creates significant positive impact on its target beneficiaries;
- Defines key metrics for data collection to measure and verify impact on key stakeholders;

Measure efficiency of operations

- Analyzes social return on investment (SROI) to measure the impact created for each dollar spent on the SE’s activities;
- Provides a sensitivity analysis to examine how KPIs affect the social and environmental impact created by the SE.

The Framework defines the impact of the SE along three pillars

1. Defines the mission and social value creation chain of the SE to make impact projections for the SE
2. Defines metrics for data collection and performance management, and sets the stage for verification of the social impact of the SE
3. Defines KPIs for performance management, including analysis of impact vis-à-vis the social mission of the organization

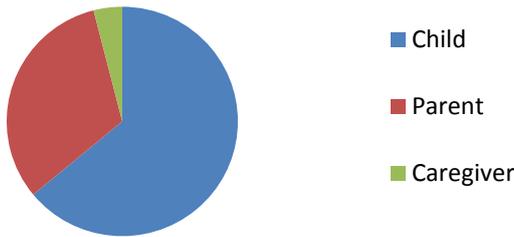


Impact Framework – Impact Projections

ReAct aims to act as a catalyst and positively impact the lives of young people, their families and communities in Indonesia, by providing training and mentoring to caregivers and social workers in childcare institutions such as orphanages. In doing so, it creates impact for three categories of stakeholders: children, caregivers and parents.

ReAct’s primary impact is created through training and mentoring caregivers. This helps care givers build confidence and skills to provide better care to institutionalized children. Children that receive better care are also more likely to return to their families. ReAct thus also aims to reduce the number of children in institutional care in Indonesia.

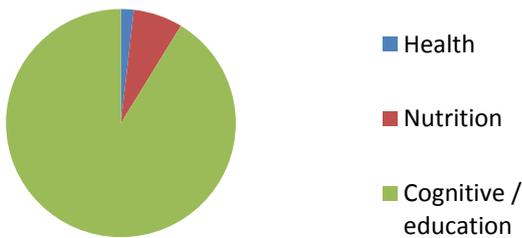
Impact on beneficiaries



Analysis of ReAct’s impact against its mission shows that the organizations presents a highly effective impact proposition for its target beneficiaries – children under institutional care in Indonesia.

ReAct’s key areas of impact are related to increasing the quality of life of its target beneficiaries – primarily by indirectly improving their cognitive and physical well-being, increasing their connections with the community, and improving their health. ReAct’s activities also have a positive impact on the parents, who feel bear less of the financial burdened of their children and are more likely to increase interactions with them.

Impact on children



Additionally, ReAct’s activities increase the morale and effectiveness of staff, reduces the caregiver to child ratio and minimizes caregiver turnover.

Impact Projections			
Year 1 Inputs	450,000	3-year Inputs	6,550, 000
Year 1 Impact	2,989,035	3-year Impact	74,620,867
Year 1 SROI Projection	6.6	3-year SROI Projection	11.4

ReAct presents a highly efficient impact proposition for its target beneficiaries – children in institutionalized care, their parents, and caregivers/social workers.

Shujog estimates that **every dollar spent on ReAct’s activities in 2012 created \$6.1 of social return.**

As indicated in the analysis of ReAct’s effectiveness, almost 90 percent of the social return comes from increases in the quality of life of the children, who may subsequently be reunited with their families.

The efficiency of ReAct’s impact proposition is projected to grow over time – increasing the impact on ReAct’s target beneficiaries for each dollar spent on it training services for the Indonesian caregiver.

Over the course of the next three years of operations, Shujog projects the social return on investment to increase to \$11.5 for every dollar spent. The breakdown of impact creation is projected to remains near constant, while the efficiency of impact increases. This is achieved as ReAct achieves scale and drives down the cost of training care givers over time.

SROI projections are based on ReAct’s growth scenario and financial model, supplemented by data measuring impact on beneficiaries for three years after undertaking the ReAct training.

Impact Framework – Monitoring

React Asia Operation Metrics	Child Outcome Metrics
<ul style="list-style-type: none"> • Number of orphanages* • Number of caregivers* • Number of children* • Caregiver Child ratio* • Work benefits to employees at React Asia* 	<ul style="list-style-type: none"> • Child academic performance – test scores* • Frequency of medical checkup* • Nutritional health as measured by BMI* • Cases of diarrhea, water borne and other illnesses • Hours of physical exercise • Number of visits to the family • Number of children who move out of the orphanage • Frequency of visits by family members*
Caregiver Outcome Metrics	Qualitative Metrics
<ul style="list-style-type: none"> • Caregiver assessment of benefit derived training (Qualitative) • Pre and post assessment of income* • Number of caregivers in conferences • Caretaker job security and job description 	<ul style="list-style-type: none"> • Assessment of impact on quality of care: <ul style="list-style-type: none"> • Rights of the child • Children’s personal care plan • Qualitative assessment by caretaker

*Standardized indicators compliant with Impact Reporting and Investment Standards (IRIS).

Operational metrics are used to track the reach and depth of React Asia operations, as well as the impact on employees. Together with the qualitative metrics, these form the basis for the assessment of the quality of React Asia’s operations and services.

Child Outcome and Caregiver outcome metrics form the basis for measuring and quantifying the impact on React Asia’s target beneficiaries. Together with the demographic and socioeconomic profile of the beneficiaries, these metrics form the basis for the assessment of the effectiveness of React Asia’s service delivery vis-à-vis its social mission.

The Caregiver and Child Outcome metrics also permit calculation of ReAct’s SROI score on an annual basis to track the scale and efficiency of ReAct’s impact.

Key Performance Indicators (KPIs)	Impact on Social Return
<ul style="list-style-type: none"> • Academic performance of the children • Income of parents • Food and nutrition outcomes • Health of the children • Rate of caregiver turnover 	<ul style="list-style-type: none"> • High • High • High • Medium • Medium

The KPIs are the key considerations for ReAct to maximize their social impact and ensure that their operations and service delivery remain aligned with their social mission.

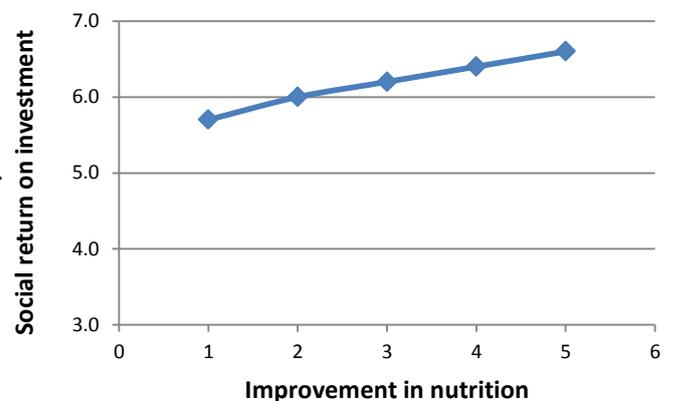
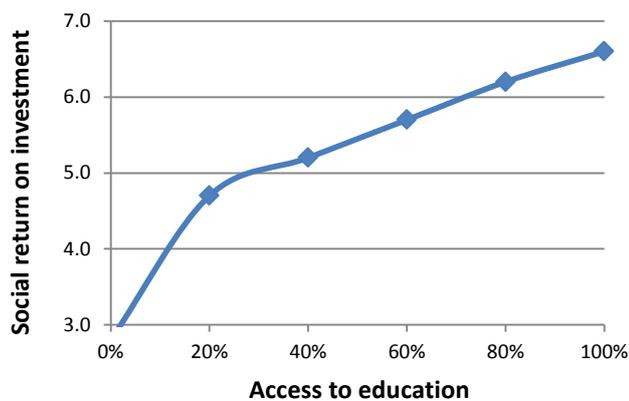
As indicated above, the rate at which the educational outcomes, health and nutritional outcomes of the children improve are the main drivers of social impact on children.

The income of the children’s parents have a large impact on the income effect of parents, as the economic burden of providing for the education and healthy life of a child is relatively greater for poor and low-income families than middle and high-income families.

Impact Framework – Analysis

Effectiveness Analysis

- The key to social value creation is to ensure that a high proportion of orphans or children improve their living conditions due to better care provided by ReAct caregivers.
- The value creation for the individual child is highly dependent on the quality and duration of training provided to the caregivers. The ReAct business plan requires a commitment of at least 1 year by the institutions, which will yield a net positive impact on the children within 1 year.
- To ensure maximum impact, the training should ensure that the caregivers are able to provide substantial support to the children in the areas of education and health.
- According to the ReAct business plan, the training will gradually shift to targeting the parents. ReAct has an indirect significant impact on the parents of the children. To ensure that this impact is maintained but at the same time, there is family reintegration, ReAct should implement this new training program.



The two biggest drivers of impact are improved cognitive performance of the children, measured by improvements in access to secondary education, and improvements in nutritional outcomes, measured by the children’s malnutrition rates. The graphs above illustrate these relative importance of these two outcomes.

React should also target institutions and care that helps low-income families in order to maximize their impact; high standards of care correspond to de-facto increased income for parents that can not afford high quality food and education for their children, and this income effect is greater on low-income and poor families.

Key Considerations

Impact Assessment Process

- React Asia will verify the impact on their students using the monitoring indicators defined overleaf to track performance against the Key Performance Indicators.
- Data collection from the stakeholders (institutions, children and caregivers) will take place at regular intervals every 6 months.

Additional Recommendations

- Enhance educational competency of caretakers to ensure high educational outcomes for children in institutional care.
- Transition to increased proportion of orphanages in rural areas of Indonesia.
- Supplement caregiver training with training for poor parents in order to increase the rate of family reunification and maintain the impact of ‘reduced burden on parents’.
- Conduct assessments for the institutions’ infrastructural needs to improve the quality of life for the children. This should be supplemented with relevant investments and caregiver trainings.