



RANG DE

SOCIAL RETURN ON INVESTMENTS

2012-13

Social Return on Investments

While some of Rang De's Social Impact Areas are easily quantifiable, others are best evaluated in terms of qualitative impact analysis. Rang De is using SROI Analysis for measuring the social value per investment it has created.

SROI Analysis

1. Establishing scope and identifying key stakeholders

A. Scope of the Analysis

Here is the Social Accounts for the time period from January 2012 to March 2013. Figures are as on 31st March 2013. All objectives with regard to Livelihoods and Education have been covered. However, Health has not been considered as this is something that the organization is expecting to work in the future. The MVOA framework has been developed by discussing with the team from CSIM.

Questionnaires were framed by the Rang De Social Accounting Team. All relevant data has been extracted from various systems internally. Report writing has been primarily done by the team. All economic impact analysis has been attempted with the field partners, social investors and end-beneficiaries. In the next year, we will attempt to consult all stakeholders all year long and not restrict ourselves to a special survey for the Social Accounts

B. Identifying the stakeholders

Key Stakeholder at Rang De are

S.No.	Stakeholders	Reason for Inclusion
1	Rang De Operations Team	Responsible and accountable for delivering Rang De's mission
2	Field Partners	Identify underserved communities and service them with Rang De loans.
3	Social Investors	Provide finance and so affect the activity
4	Borrowers	Expected to gain the most benefits from the activity.
5	Volunteers/Chapter Members	Promote Rang De in various cities
6	Board members	Contribute time and skills necessary to provide guidance required to carry out the activity
7	Corporate	Provide finance.

2. Mapping Outcomes (Impact Map)

Organization	Rang De			
Objectives	Leverage the internet and technology to alleviate poverty by providing access to low cost capital to underserved communities.			
Scope	Activity	Leverage the internet and technology to raise and provide low cost capital		
	Contract/Funding/Part of organisation	Investments from different Social Investors, Donation & Grants from different sources etc...		
Stakeholders	Inputs	Value	Outputs	The Outcomes
Rang De Operations Team	Time & efforts (at wages)	60,75,091	Number of Social As well as corporate investments achieved	Availability of low credit capital to the borrowers resulting in the livelihood upliftment, education etc...
Field Partners	Time & efforts (at minimum interest)	20,37,857	Number of borrowers provided with low cost credit	Improvement in borrowers' lives can be seen in all areas of basic needs (more and more number of needy people are getting credit at low cost and increased outreach is there)
Social Investors	Providing finance for microcredit, micro venture & education (at minimum Interest Rate)	4,18,244	Number of Social Investments made in the Financial Year	Increase in availability of loans to borrowers thereby resulting in better livelihood opportunities, education opportunities to the children as well as good health care.
Borrowers	Time	0	-	Results in good education opportunities to the children as well as good health care, Financial Literacy, Improve livelihood conditions, Community Development
Volunteers/Chaper	Valuable Time & efforts	3,20,000	Number of campaigns/	Increase in awareness of people getting

Members			workshops conducted	engaged in social upliftment with minimum efforts
Board Members	Valuable decisions, inputs & time	6,00,000	Number of Board meetings conducted	Social Upliftment of the society
Corporate	Providing grants & Donations for micro loans	0	Number of Corporate Social Funds received	Social Upliftment of the society
Total		₹ 94,51,192.78		

3. Evidencing outcomes and giving them a value

Time Period	FY 2012-13	Objective	Leverage the internet and technology to alleviate poverty by providing access to low cost capital to underserved communities.		
Type	Forecast	Act Purpose	Leverage the internet and technology to raise and provide low cost capital		
The Outcomes (what changes)					
Indicator	Source	Quantity	Duration	Financial proxy	Value (Rs.)
Amount a borrower is saving as a result of low cost educational loans from Rang De	Off Map from evaluations in Field (183 borrower evaluations have taken place in FY 2012-13)*	203	1 Year	Difference in Interest Rate charged by the Money Lenders and Rang De leading to less expenses	₹ 4,147.22
Amount a borrower is saving as a result of low cost livelihood loans from Rang De	As per the RBI Guidelines regarding cap on interest rate.	7725	1 Year	Difference in Interest Rate charged by the other MFIs and Rang De	₹ 865.66
Amount a borrower is saving as a result of low Interest Vocational Training loans from Rang De	As per the RBI Guidelines regarding cap on interest rate.	54	1 Year	Difference in Interest Rate charged by the other MFIs and Rang De	₹ 2,865.75
Improvement in livelihood activities like weaving, beekeeping etc. (due to low cost credit) resulting in profit	Questionnaire during Social Accounts (Out of 14 consulted, 13 responded)	7725	1 Year	Increase in the amount of savings	₹ 2,400.00

***Note-** 183 borrowers were identified by running an algorithm developed by the team. The algorithm helps in profiling borrowers based on several parameters * (personal interview during evaluations). The Method used is Stratified Sampling (the algorithm intelligently picks up borrowers who have many Social Investors)

4. Establishing Impact

The Indicators	Deadweight (%)	Attribution (%)	Drop Off (%)	Impact
Amount a borrower is saving as a result of low cost educational loans from Rang De	5%	0%	0%	₹ 7,99,791.96
Saved from the trap of Money Lenders and other MFIs as a result of Financial Literacy and availing loans at a low cost of credit	5%	0%	0%	₹ 63,52,841.04
Amount a borrower is saving as a result of low Interest Vocational Training loans from Rang De	5%	0%	0%	₹ 1,47,012.98
Improvement in livelihood activities like weaving, beekeeping etc. (due to low cost credit) resulting in profit	5%	0%	0%	₹ 176,13,000.00
Total				₹ 249,12,645.97

5. Impact Map - A Summary

Stakeholders	Inputs	Value
Rang De Operations Team	Time & efforts (at wages)	60,75,091
Field Partners	Time & efforts (at minimum interest)	20,37,857
Social Investors	Providing finance for microcredit, micro venture & education(at minimum Interest Rate)	4,18,244
Borrowers	Time	0
Volunteers/Chapter Members	Valuable Time & efforts	3,20,000
Volunteers/Chapter Members	Valuable Time & efforts	3,20,000
Board Members	Valuable decisions, inputs & time	6,00,000
Corporate	Providing grants & Donations for micro loans	0
Total Cost (A)		94,51,192.78

6. Calculating the SROI

Outcome Indicators	Year 1
Amount a borrower is saving as a result of low cost educational loans from Rang De	₹ 7,99,791.96
Saved from the trap of Money Lenders and other MFIs as a result of Financial Literacy and availing loans at a low cost of credit	₹ 63,52,841.04
Amount a borrower is saving as a result of low Interest Vocational Training loans from Rang De	₹ 1,47,012.98
Improvement in livelihood activities like weaving, beekeeping etc. (due to low cost credit) resulting in profit	₹ 176,13,000.00
Total (B)	₹ 249,12,645.97
C. Net Benefit (B-A)	₹ 154,61,453.20
Social Return on investment (C/A)	1.64

Reporting the SROI

An SROI ratio of **1.64 implies** that for approximately every 1 Rupee invested, 1.64 Rupees of social value is created each year in terms of Improvement in livelihood, reduced cost of credit, better education facilities, increase in savings etc.

Future SROI Analysis

Ideally, Rang De wants all its borrowers not only to progress in terms of their financial and social status but also to achieve sustainability in livelihood. Going forward, we would not only like to measure the SROI in terms of measuring savings and income enhancement but would also take into account the larger impact of sustainable livelihoods in communities.

Assumptions Taken For Cost and Benefit Calculation:

A. Cost Calculation

1. Rang de Team salary along with all the operational cost is taken as the cost to the Rang De Team.
2. 5 % interest given to Field Partners is calculated as cost.
3. Difference in Interest Rate given by Rang De and Banks (Saving Accounts) is taken as the cost for Social Investors (i.e. 418,244.38)

Month	Cumulative Social Investment	Rang De's Interest (2%)	Banks's Interest (4.5%)	Difference
April	3,59,503	7,190	16,178	8,988
May	4,57,032	8,379	18,853	10,474
June	12,36,011	20,600	46,350	25,750
July	16,61,092	24,916	56,062	31,145
August	30,04,359	40,058	90,131	50,073
September	35,39,890	41,299	92,922	51,623
October	41,09,286	41,093	92,459	51,366
November	49,39,740	41,164	92,620	51,456
December	56,56,424	37,709	84,846	47,137
January	66,27,108	33,136	74,555	41,419
February	73,28,889	24,430	54,967	30,537
March	87,72,655	14,621	32,897	18,276
Total	87,72,655	3,34,596	7,52,840	4,18,244

*All figures are in Rupees

4. Cost for the Volunteers/ Chapter Members is calculated as:
 - Volunteers give approximately 2 hours per week (Inclusive of events) so on an average they contribute 96 hours per year (2*4*12)
 - Through interaction with different volunteers we got to know that approximately their monthly salary is around 40,000 Rupees
 - So we computed the cost of their time as(3,20,000 Rs):

Parameters	Calculation
Per Day Salary	1,333.33
Per Hour salary	166.67
Salary for 96 hours	16,000.00
For all the volunteers (20 in total)	3,20,000.00

*All figures are in Rupees

5. Cost for Board Members
 - One of the Board Members, contributes a lot of working time to Rang De
 - According to her skill, expertise and vast experience in the domain, we are assuming that her salary can be at least 50,000 Per Month
 - Cost she is bearing yearly = $50000 \times 12 = 6,00,000.00$

6. Cost for Corporates is taken as nil, as no fresh investment was made in the last Financial Year (2012-2013). Although the earlier amount has been reinvested by us but as these investments mainly consist of Grants, so we have not considered the cost for the same.

B. Benefit Calculation

1. Amount a borrower is saving as a result of educational loans from Rang De is calculated by comparing the Interest amount of Rang De with other Money lenders:

APR taken by most of the Money lenders	60 %
APR taken by Rang De	9.02 %
Average Loan Amount is Rs.8135	
So, saving as a result (for borrower will be)	
Interest for other lender	4,881.00
Interest for Rang De	733.78
Saving	4,147.22
Saving Per Month	345.60

*Note: Source for 60% APR being charged by Money Lenders is an informal conversation between one of our auditor and an education loan borrower during the social accounting period

2. Amount of Savings a borrower is making as a result of low cost livelihood loans from Rang De is calculated by comparing the Interest amount of Rang De with other MFIs:
 - Being Conservative, we have taken the APR for other existing MFIs in the region in place of Money lenders.
 - Average loan amount given by Rang De is 8113

APR taken by most of the MFIs	26%
APR taken by Rang De	15.33%
Average Loan Amount is Rs.8113	
So, saving as a result (for borrower will be)	
Interest for other MFIs	2,109.38
Interest for Rang De	1,243.72
Saving	865.66
Saving Per Month	72.14

3. Amount of Savings a borrower is making as a result of low cost Vocational Training loans from Rang De is calculated by comparing the Interest amount of Rang De with other MFIs:

- Being Conservative, we have taken the APR for other existing MFIs in the region in place of Money lenders.
- Average loan amount given by Rang De is 22,926

APR taken by most of the MFIs	26%
APR taken by Rang De	13.5%
Average Loan Amount is 22,926	
So, saving as a result (for borrower will be)	
Interest for other MFIs	5,960.76
Interest for Rang De	3,095.01
Saving	2,865.75
Saving Per Month	238.81

4. In a questionnaire, we got to know that borrowers are saving approximately 200 per month as a result of enhanced livelihood activities (as a result of Rang De low cost credit).(Out of 14 consulted, 13 responded)