

KUZUKO GAME RESERVE, SOUTH AFRICA
SOCIAL RETURN ON INVESTMENT (SROI)
SUMMARY REPORT

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KUZUKO GAME RESERVE

<p>SUMMARY</p> <p>Investment: \$10 million</p> <p>Social Impact: 500+ people</p> <p>Environmental Impact: 75 endangered species 39,000 acres</p> <p>Location: Kuzuko Game Reserve, South Africa</p> <p>SROI: <i>(What is this? See page 3)</i></p> <p style="font-size: 2em; color: #4f81bd; text-align: center;">72%</p>	
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PROJECT IMPACT

The investment of \$10 million funded wildlife and land conservation, job creation and social transformation in a region of 70% adult unemployment. This money has been a catalyst for economic growth in the region resulting from eco-tourism. Eighty permanent jobs have been directly created through Kuzuko, while another 420 jobs are estimated to have been created indirectly through the tourism industry. Additionally, 75 endangered animals have been released and 39,000 acres rehabilitated to its natural ecology and incorporated into the reserve:

- **80 permanent jobs** with benefits created at Kuzuko Game Reserve (\$842,400 value) ¹
- **80 people** received life skills education (\$40,000 value)
- **80 people** received HIV/AIDS prevention education (\$8,000 value)
- **80 people** were aided in wealth savings (\$50,000 value)
- **70 people** were given job skills – fence building (\$35,000 value)
- **69 temporary jobs** (full-time equivalent) created (\$48,370 value) ²
- **420 jobs** indirectly through the local eco-tourist industry (\$1,470,000 value)
- **75 endangered animals** released onto the game reserve (\$11550 value) ³
- **39,000 acres** rehabilitated and incorporated into the reserve (\$14,742,000 value) ⁴

¹ All values are calculated over a 5 year period.

² Value for one year only

³ Wildlife and land conservation values created with Analytical Hierarchy Process (AHP)

⁴ Value is over ten years

SOCIAL RETURN ON INVESTMENT

Philanthropic decision making and assessment has historically been a subjective exercise and donors are increasingly seeking new methodologies for evaluating the impact of their social investment. Recipient organizations too are striving to address the perception of self-reporting bias and a means for answering the oft asked question: "How do you know?"

We employ the use of quantitative methods, well known and utilized in other disciplines, to philanthropic decision making and grant assessment. While subjective input will never (and should never) be eliminated from social investment decision making, our aim is to augment the process by placing these subjective inputs within a more objective framework.

CALCULATING SOCIAL IMPACT VALUE

In calculating Social Return on Investment (SROI), one seeks to measure the impact on the lives of individuals as a result of an initial dollar investment. Although social impact is generally viewed as a qualitative measure, SROI methodology allows for the quantification of social impact into a dollar value in order to measure the effectiveness of philanthropic investment.

With a quantified social impact value and a known initial philanthropic investment, SROI can be calculated as:

$$\left\{ \frac{\text{Social Impact Value} - \text{Initial Investment Amount}}{\text{INITIAL INVESTMENT AMOUNT}} \right\}$$

THE BENEFITS

The benefits of using an SROI metric include:

- 1 Allows for communication with stakeholders in a common language: capital investment.
- 2 Provides a single metric for accountability and comparison purposes – what did you set out to achieve and what did you actually achieve?
- 3 Provides an "apples to apples" basis for comparison of different methodologies within the same sector and challenge area.

Assigning a dollar value to the social impact of an intervention is accomplished in two ways:

The Analytical Hierarchy Process (AHP), a proven mathematical methodology that converts and organizes qualitative information into quantitative values, in this case, dollars.

Similar to the life insurance industry, annual income is used as a basis for life impact valuation. Sector experts are consulted to further calibrate valuations. We call this our expert consensus-driven approach.

SROI calculations can be done on both domestic and international projects and done on an ex ante basis and on an ex post basis as a project matures.