



USING SOCIO-ECONOMIC IMPACT ASSESSMENTS



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This is a summary report of a review which was completed by Threefold Sustainability Advisory Services. Threefold is led by Milka Pietikainen and Annette Fergusson, two telecoms executives with over 30 years of combined practical experience leading, creating and implementing sustainability programmes within large multinational companies.

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Socio-economic impact assessments: Delivering value for society

To help the mobile industry move towards a more sustainable future, the GSMA has developed a [Sustainability Assessment Framework](#) to better understand the landscape of operator efforts in social and environmental sustainability.

The Framework is intended to illuminate sustainability efforts across the mobile industry in a comparable way. It is structured around three strategic pillars that support a sustainable mobile communications industry, as shown in Figure 1.

This review builds on our understanding of how mobile operators currently use socio-economic impact assessments and identifies opportunities for development, which is captured in the Delivering value for society pillar.

Figure 1: The GSMA Sustainability Assessment Framework



This report is a summary of the findings of the review, primarily focused on work undertaken by Millicom, Orange, Safaricom, Telenor and Vodafone



Value and limitations of socio-economic impact assessments¹

The primary audiences for assessments done by operators are governments, policy makers and regulators. By demonstrating the positive contribution that companies are making to the economies and societies in which they operate, these assessments have been used – with some success – to support constructive discussions with governments. Secondary audiences include the media, investors and employees.

There has also been some success in using socio-economic impact assessments to drive greater buy-in to – and integration of – sustainability within operator businesses. For a couple of operators interviewed as part of this review, being able to quantify impacts and share information that resonates with internal audiences has helped to shift company strategy from one where sustainability is somewhat on the side-lines, to one where shared value is front and centre.

In a number of cases, operators are also starting to use these types of assessments to support internal decision-making, for example by providing a more complete picture of the value of new or expanding initiatives - beyond just financial value – to help tip the balance in favour of taking the initiative forward.

There are however challenges including:

-  data quality and availability;
-  accessing budget;
-  finding consensus on indicators and methodologies;
-  ensuring that the results are understandable and accessible; and
-  ultimately building trust in the numbers with internal and external audiences so that their potential use can be maximised.

“ Being able to show that the core business creates more social and economic value than the Foundation has shifted the narrative and thinking inside the company. We have transitioned to talking about shared value at the core of our business strategy, putting society at the heart of what we do. ”



¹ Based on interviews conducted with a number of GSMA member company representatives who have undertaken socio-economic impact assessments (Millicom, Orange, Safaricom, Telenor and Vodafone).

Summary of assessments

A number of operators² are leading the way in conducting socio-economic impact assessments to better understand and demonstrate the broader impact that they have on society and economies. Most of the company assessments that were reviewed report indicators at a global and/or regional level, as well as at a country level. There is a degree of commonality across the assessments with inclusion of indicators relating to contribution to the economy:

The infographic is set against a background of a hand holding a smartphone with a grey line graph showing an upward trend. It is divided into four horizontal sections by thin blue lines. Each section features a red icon on the left, a title in bold red text, and a descriptive paragraph in black text.

- CONTRIBUTION TO THE ECONOMY**: Accompanied by a red icon of a globe with a dollar sign. The text states: "Usually the measure is Gross Value Added and made up of employment, investment and contribution to public finances. Some companies also express this as a percentage of GDP."
- INVESTMENT**: Accompanied by a red icon of a hand holding a money bag with a dollar sign. The text states: "in most cases also with a monetary value or percentage spent on infrastructure investment."
- EMPLOYMENT**: Accompanied by a red icon of two people and a briefcase. The text states: "direct, indirect and (in most cases) induced³. Most operators also include some kind of job multiplying factor such as the number of additional jobs for every company job."
- CONTRIBUTION TO PUBLIC FINANCES**: Accompanied by a red icon of a classical building and a document with a dollar sign. The text states: "usually direct and indirect and, in one case, also as a percentage of government tax receipts and as a percentage of revenues."

² This review primarily focused on work undertaken by Millicom, Orange, Safaricom, Telenor and Vodafone

³ Indirect jobs are those created from e.g. local procurement activities and induced jobs are generally those created as a result of the purchasing power of direct and indirect employees.

Beyond these core indicators, the scope and level of detail varies quite considerably between operators and although there is some commonality of approach, methodologies and assumptions are generally not consistent or comparable across company assessments.

Some innovative attempts have been made to demonstrate the wider socio-economic value created through the use of a company's infrastructure, products and services (beyond traditional indicators such as customer numbers or coverage). For example:

- percentage potential increase to GDP through access to broadband (Millicom)
- € contribution of the company's mobile services to a country's economy (Orange)
- additional income that low income households have received (Safaricom)
- Estimated net GDP contribution through the increase in mobile penetration overall and through 3G and 4G penetration (Telenor)

There has also been a varied and experimental approach to estimating and demonstrating the socio-economic impact of specific initiatives, products and services, with most work having been done on assessing the value of mobile money services.

Mobile money

Almost all of the operators reviewed, provide indicators relating to mobile money. Common indicators include:



Number of active mobile financial services users



\$ transacted with mobile money



Number of mobile money transactions



Number of points of sale / agents / merchants

Orange and Safaricom also estimate the social value of mobile money in Niger and Kenya respectively.

Orange's approach involves estimating costs avoided (for example because of the ability to transfer money more cheaply) and losses avoided (for example because of a reduction in thefts of cash).

Safaricom's model is built up of social value for customers (sending, receiving and doing other activities), agents (and those employed by them) and merchants (and those employed by them).



Beyond mobile money, there are a range of other examples including:

✎ In Millicom's socio-economic impact [report](#), the company provides details of \$ spent on social projects alongside information such as the number of education centres and the number of women, teachers and children connected.

✎ In a similar way to its approach for mobile money, [Orange](#) also reports the social value of its [mAgriculture information service](#) Labaroun Kassoua and the social value of the SME incubator centre [Cipmen](#) in Niger.

✎ Safaricom includes **negative social and economic impacts** in its [10 years of 'True Earnings' report](#).

✎ Telenor addresses gender equality and supply chain sustainability in its [Global Impact report](#). As well as details of the number of supplier inspections, Telenor reported indicators such as the number of employees benefitting from working for companies with high standards of labour rights and working conditions, following Telenor's supply chain sustainability policy.

✎ In its [European report](#), Vodafone provides more **granularity on employment**, including details of average spend on training and development per employee; number of graduates, apprentices and interns each year; and, along with Telenor, details of gender diversity and nationality amongst direct employees.




✎ Vodafone has also done an [assessment of its Mum and Baby health information service](#) in South Africa. This includes indicators from a survey of subscribers such as, % of survey respondents who agreed or strongly agreed that the information received had (i) influenced their decision to breastfeed their child; (ii) influenced their decision to vaccinate their child; and (iii) influenced their decision to attend a health centre for check-ups.

Safaricom's True Value approach

In 2016, Safaricom published its 10 years of 'True Earnings' report, looking at the evolution of the social and economic value its business had created over ten years in Kenya⁴. The report also has a dedicated section on M-Pesa, its mobile money service, and its social impacts.

What makes Safaricom's report stand out, is that it also measures and deducts negative social and economic impacts from the overall results. The scope was informed by a materiality assessment conducted for the company's sustainability reporting and, based on this,

the Safaricom assessment includes:

-  The impact of corruption in society with the deduction to be applied based on Transparency International and OECD data;
-  The negative social impacts of health and safety incidents; and
-  The negative environmental value of Safaricom's operations, deducting effects of carbon emissions and water consumption from its total impact.

⁴ This followed on from Safaricom's first true value case study which was published in 2015 and is available at https://www.safaricom.co.ke/images/Downloads/Resources_Downloads/Safaricom_True_Value_brochure.pdf



Opportunities for development

Based on this initial review, together with review of leading assessments from other sectors, there is an opportunity for the mobile sector to expand the ways in which it assesses, demonstrates and uses socio-economic value. The suggestions set out below are also relevant (and may be of interest) to other sectors, as practice in this area continues to evolve.

⊕ MAKE COUNTRY-LEVEL ASSESSMENTS MORE COMPREHENSIVE BY INCLUDING ADDITIONAL IMPACT MEASURES AND ACCOUNTING FOR NEGATIVE IMPACTS.

The majority of work done to date has focused on global, regional and country level impacts such as contribution to GDP, employment and public finances. For the sector, GSMA Intelligence produce annual Mobile Economy Reports at global and regional levels⁵ and, on occasions, at country-level. There may be circumstances where industry co-operation on country-level reports, setting out the impact of the sector as a whole (rather than just one

company) could be valuable, driving drive greater impact, efficiency and a more consistent methodology.

Since demonstrating the value of investment and presence in a country is a recurring driver for companies, country-level assessments could also consider assessing the percentage of the value companies create which remains in-country⁶; and investigating whether there are specific sectors that particularly benefit from their operations, for example, the public sector. To build credibility, assessments could also move on from almost always focusing exclusively on positive impacts and consider potential negative impacts that the sector and its services may bring.

⊕ CONDUCT MORE ASSESSMENTS OF THE IMPACTS OF SPECIFIC PRODUCTS AND SERVICES, SUPPORTED BY THE DEVELOPMENT OF A COMMON FRAMEWORK AND METHODOLOGY.

A small but growing number of attempts have been made to quantify the socio-economic impacts of particular products and services beyond traditional 'input' indicators, such as number of users or transactions. Assessments should attempt to estimate the broader socio-economic value of specific services to individuals, their families, communities and countries. Where this has been done, there are some promising signs

that this gets traction internally; helping to drive greater integration of social impact criteria into decision-making and potentially improving understanding of sustainability and shared value creation overall. Work on product and service assessments in particular, would benefit from a common framework and guidance for measuring impacts.



⁵ <https://www.gsma.com/r/mobileeconomy/>

⁶ This is similar to Accor Hotels: <https://press.accor.com/accorhotels-shares-findings-from-itsworldwide-socio-economic-footprint-study/>

⊕ MEASURE IMPACT OVER TIME.

Most impact assessments tend to focus on a specific year or present evolution of historical data over a number of years. There is an opportunity to put in place more complex studies of social impact and change, by studying the same indicators over a number of years.

⊕ EXPLORE THE OPPORTUNITY TO ASSESS IMPACTS FROM THE ROLL OUT OF SERVICES AT A LOCAL COMMUNITY LEVEL.

Much of the work done by other sectors is focused on assessing the impacts of one site (for example a mining site) on individuals and local communities. The closest parallel in the mobile sector to explore would be the impacts of rolling out new services – for example data services – to more rural and remote communities.

⊕ MAXIMISE THE USE OF ASSESSMENT RESULTS WITHIN ORGANISATIONS BY INVOLVING BOTH COMMERCIAL AND SUSTAINABILITY FUNCTIONS IN THEIR DESIGN.

Efforts by mobile operators to measure socio-economic impacts have almost exclusively been led by external affairs functions including public policy, communications and sustainability teams. However, where commercial and sustainability teams have worked together to integrate social and economic indicators alongside commercial ones, it has helped to provide a more complete picture of the value of a new or expanding proposition, influencing internal decision making and driving wider adoption and growth.

⊕ MAKE THE INFORMATION EASIER TO UNDERSTAND AND COMMUNICATE TO A WIDE VARIETY OF AUDIENCES.

To be credible, the data and assumptions behind socio-economic assessments must be comprehensive and based on recognised

sources and accepted economic models. However, this complexity needs to be communicated as simply as possible to support data collection internally and help internal and external stakeholders understand and trust the numbers. Some operators have developed simple, visual infographics to present results at a high level. Illustrating monetary value with real-life comparators can also bring the numbers to life and makes the impact more tangible to different audiences.

⊕ ENCOURAGE AND SUPPORT THE WIDER USE OF SOCIO-ECONOMIC IMPACT ASSESSMENTS BY THE INDUSTRY.

Industry co-operation on this topic would help to encourage companies to share information; develop common definitions and language for indicators; and raise awareness of the use, value and lessons learnt across the sector. Working together could also allow a greater diversity of product and service assessments to be undertaken, supporting and strengthening work demonstrating the contribution the sector makes towards the SDGs.

“ It is quite heavy economic information and so although we tried to make it as light as possible, it is still difficult to understand. ”

