

THE SOCIAL AUDITOR



YOUR INSIGHT JOURNAL

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ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

Social Stock Exchange

SEBI vide its notification dated 25th July, 2022 has made amendments in the SEBI (ICDR) Regulations, 2018, and SEBI (LODR) Regulations, 2015. Copies of these amendments are being circulated with this communique. These amendments have been made to provide Social Enterprises with additional avenues to raise funds through the Social Stock Exchange (SSE), which is a novel concept in India. It provides eligibility of organizations to raise funds through Social Stock Exchange, eligibility of entities to be classified as “Not for Profit Organization”, eligibility of entities to be classified as “For Profit” Social Enterprises, means through which Social Enterprises can raise funds, and obligations of Social Enterprises.

Furthermore, to strengthen the governance framework in these entities, & provide better confidence to such investors, SEBI has introduced the concept of Annual Impact Report by a Social Auditor. The purpose of this Social Audit is to ascertain the impact made by the Social Enterprise through its activities, intervention, programs or projects implemented during the reporting period. The annual impact report shall be audited by a Social Auditor.

ICMAI Social Auditors Organisation (ICMAI SAO)

To enroll & regulate the Social Auditors and also to prescribe the Social Audit Standards, the Institute of Cost Accountants of India, in compliance with SEBI Regulations, has incorporated a section 8 company titled ICMAI Social Auditors Organization. The ICMAI SAO will enroll eligible CMAs & others as Social Auditors and focus on their capacity building through continuous professional advancement with emphasis on adherence to the highest ethical standards and compliance with the Social Stock Exchange requirements.



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FROM THE CHAIRMAN'S DESK

CMA Vijender Sharma
Chairman
ICMAI Social Auditors Organisation

Global development is at an important crossroads. Despite remarkable gains over the last several decades, a growing number of challenges threaten to reverse development gains and jeopardize the prospects for continued progress. These include rising inequality and erosion of trust within societies to climate change, pandemics and increasing conflict across the globe. About from services, access to markets and participation in cultural and political spaces. Exclusion can occur based on gender, disability status, age, sexual orientation or gender identity (SOGI), ethnicity, race, and migration status, among other characteristics.

Social sustainability - when people feel part of the development process and believe they and their descendants will benefit from it – is fundamental to addressing today's development challenges; and is the social counterpart to environmental and economic sustainability. Building on decades of engagement on social development, the World Bank's focus on social sustainability encompasses inclusion, resilience, cohesion and process legitimacy.

Social Sustainability and Inclusion reflects the World Bank's commitment to addressing long standing barriers to development, strengthening the focus on people who have been excluded from economic and social opportunities, and increasing investment in inclusive growth. We support our client countries to build socially sustainable communities and societies that are able to work together to overcome challenges, deliver public goods, and allocate scarce resources in a manner perceived as legitimate and fair by all, so that all people may thrive over time.

FROM THE CEO'S DESK

CMA (Dr.) S K Gupta
Chief Executive Officer
ICMAI Social Auditors Organisation

Climate change is deeply intertwined with global patterns of inequality. The poorest and most vulnerable people bear the brunt of climate change impacts yet contribute the least to the crisis. As the impacts of climate change mount, millions of vulnerable people face disproportionate challenges in terms of extreme events, health effects, food, water, and livelihood security, migration and forced displacement, loss of cultural identity, and other related risks.

Certain social groups are particularly vulnerable to crises, for example, female-headed households, children, persons with disabilities, Indigenous Peoples and ethnic minorities, landless tenants, migrant workers, displaced persons, older people, and other socially marginalized groups. The root causes of their vulnerability lie in a combination of their geographical locations; their financial, socio-economic, cultural, and gender status; and their access to resources, services, decision-making power, and justice.

Poor and marginalized groups are calling for more ambitious action on climate change. Climate change is more than an environmental crisis – it is a social crisis and compels us to address issues of inequality on many levels: between wealthy and poor countries; between rich and poor within countries; between men and women, and between generations. The Intergovernmental Panel on Climate Change (IPCC) has highlighted the need for climate solutions that conform to principles of procedural and distributive justice for more effective development outcomes.



PROFESSIONAL DEVELOPMENT PROGRAMS



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PROFESSIONAL DEVELOPMENT PROGRAMS

JUNE 2023

Date	Name of Program
01st June 2023	Carbon credits in Agriculture and Sustainable Farming
03rd June 2023	Certificate Course - Management of CSR Project
05th June 2023	Fire side chat - World Environment Day
06th June 2023	CSR with a focus on Sustainability
07th June 2023	Sustainability is much more than a recent buzz word Concept and Case Studies
08th June 2023	Understanding Green House Gas and its impact on Society
10th June 2023 to 16th June 2023	7th Batch Preparatory Course for Social Auditor Examination
14th June 2023	Interactive Session on Frequently asked questions for Registration / Listing of NPOs and FPEs on Social Stock Exchange
15th June 2023	“E-Waste to Wealth”
17th-18th June 2023	Certificate Course - ESG (Perspective, Process, Practice)
19th June 2023	Understanding the E of ESG- Why Climate Change is important
30th June 2023	ESG Implementation Challenges and Opportunities

Articles



Social Finance - Finance for the Future

Dr. S K Gupta

Chief Executive Officer

ICMAI Social Auditors Organisation

The Perspective

Global environmental, social, and governance (ESG) trends are rapidly reshaping the economy and presenting significant risks and opportunities for investors. By 2050, the population is expected to grow by more than 30 percent, to more than 9.5 billion people, with the majority of this growth happening in urban areas in the developing world. Meeting the needs of this population in an increasingly resource-constrained world will require tens of trillions of dollars in investment. This also presents compelling business growth and investment opportunities for investors in many new markets and sectors. Resource scarcity, climate-related impacts, global health dangers, social instability, and substantial demographic changes already are presenting business leaders with issues and influencing decision making that will determine future business success and investment performance. More investors recognize the importance of these global trends to their investment decisions and are adjusting their asset allocation and investment-management strategies accordingly.

What is Social Finance?

Not too long ago, the notion of generating social good along with financial returns was considered a fringe idea by most investors. But recently the area of “social finance” has started to enter the mainstream and receive consideration from Wall Street giants and some of the world’s largest institutional investors. Social finance is an approach to managing money which delivers a social dividend and an economic return. Social finance is often used to describe the lending and investment into companies who consider themselves social enterprises, charities, co-operatives, and other impact-focused organizations. The term can include community investing, microfinance, investing in socially-responsible and sustainable businesses, social impact bonds, and social enterprise lending. Outcome-based philanthropic grant making and program-related investments, sometimes referred to as venture philanthropy, also fall under the umbrella of social finance. Social finance is an approach to managing investments that generate financial returns while including measurable positive social and environmental impact. Social finance includes a full range of investment strategies and solutions across asset classes that can provide an array of risk-adjusted returns tailored to investor intent. Social finance is a tool that seeks to mobilize private capital for the public good. It creates opportunities for investors to finance projects that benefit society and for community organizations to access new sources of funds.

Social finance investments

- involve access to capital that has a positive impact not only financially but also on society as a whole;
- can be made by different types of investors. These include charitable foundations, retail investors, banks, governments and institutional investors such as pension funds;
- can be made to a variety of organizations that seek to have a positive impact in their communities
- can be made using a variety of financial tools, including loans, community bonds, equity investments and social impact bonds;

Finance for social good

What is social finance? The International Development Research Centre (IDRC) defines it as a collection of approaches to managing money that create value for society or the environment, often while producing a financial return, while the MaRS Centre for Impact Investing calls it “an approach to managing money to solve societal challenges”. In other words, social finance is a movement that covers various ways of using finance—via socially responsible investments, micro-loans, community investments, and so on—to achieve a social or environmental impact. Social impact investing is commonly used to describe the direction of investment funds to opportunities or companies that have desirable environmental, governance or social factors (also called ESG investing), and is related to social finance, which involves the use financial assets or instruments to fund projects that have a positive social or environmental impact.

Social Finance: Where Wealth and Values Meet

Investors who adopt social finance strategies don't have to sacrifice returns in order to feel good about the makeup of their portfolios or to effect meaningful societal change. The term "social finance" means different things to different people. Often, those words bring to mind the avoidance of so-called "sin stocks" — shares of companies involved in the manufacture or distribution of tobacco or alcohol, or shares of gambling enterprises. But the term encompasses much more. Social finance offers investors ways to realize competitive returns through investments designed to achieve meaningful societal or environmental impact. Investing in socially and environmentally conscious ways is growing in popularity with all types of investors

Key Trends in Social Finance Activity

Much has been written about the evolution of social finance, from the early days of socially conscious investing aligned with religious values, and, later, to the use of social finance as a tool to eliminate racial discrimination and apartheid in South Africa. This focus on values and ethics has promoted the growth of strategies such as negative screening, which uses ESG factors as a basis to exclude sectors, countries, or practices from portfolios or funds. Today, the SRI world has moved from a practice of negative screening and exclusion to one of seeking or encouraging certain characteristics in portfolio companies. Social finance today offers a wide range of options aligned with different risk appetites, return expectations, liquidity needs, and investors' expectations of impact. Today Social finance has grown significantly over the past decade, with strategies and products across asset classes aligned with different investor needs, motivations, and return expectations. Estimates show that social finance activity today is valued at upward of US\$22 trillion, and many strategies have the potential for double-digit growth in the near future. The diverse motivations and trends in social finance activity for some mainstream investor groups is helping drive this growth and diversity in investment opportunities.

Scaling social finance

Despite rising interest in the sector, some investors say the social finance market's development has been held back partly by a lack of suitable products to invest in, confusion surrounding the proliferation of industry terminology and questions of whether or not investments can be profitable given their limited track record. This has left many mainstream investors hesitant to dip their toe in the space.

To address these challenges, the social finance sector must come up with better ways to measure non-financial metrics, increase transparency of social and environmental impacts on financial performance and create a wider variety of investment products, growing investor interest in social finance into considerable capital allocation will necessitate systemic changes to the current system. This includes not only improving products to meet investor goals and performance expectations, but also strengthening the enabling ecosystem, including the infrastructure, skills, and incentives that shape business decisions and are needed to execute transactions. This requires a collective effort by the investor community to overcome key challenges and dismantle barriers to entry for mainstream investors in social finance. Investors themselves have an important role in this. They have a number of levers at their disposal, including large amounts of investment capital, the ability to partner with and engage policymakers, deep technical expertise, and the opportunity to exercise sector wide coalition-building power.

The following are the imperatives and drivers of social finance

- Facilitate asset allocation across multiple social finance strategies that cater to varying risk appetites and return expectations.
- Co - design products with established return expectations and clear impact objectives for easier adoption.
- Deepen social finance expertise and knowledge across the investment value chain, particularly among advisory and investment teams.
- Develop and adopt standardized nonfinancial metrics across investment activities. » Integrate social and environmental impact into valuation and pricing of risk.
- Drive consistent and material disclosure of social and environmental impacts on financial performance and impacts on shareholders.

- Share best practices on the integration of social finance into portfolios with stakeholders, peers, and other beneficiaries to promote learning and increase awareness.
- Participate in industry dialogues to clarify and reinforce the interpretation of fiduciary duty to include ESG factors.
- Align internal and external incentives with long-term value and encourage good governance and positive policies that can respond to and support broader uptake of social finance.
- Provide guidance and technical assistance to strengthen the pipeline of investment opportunities for both investors and intermediaries.

Measure for Measure

Almost everyone (with good intentions) hopes to achieve positive social impact. The notion of the social impact of business has become so mainstream that government at the highest levels—including G8 leaders and even the Pope—advocate the creation of institutions to give greater attention to driving social impact”. However, one of the most difficult challenges facing social finance revolves around the question: how do we measure social impact? There are, in fact, many ways to measure it, but the crucial question concerns how to consolidate these many methods under one impact measurement and evaluation system. At present, the impact measurement field is quite chaotic: each institution or region typically has its own assessment criteria for impact, and creates its own metrics. Though in recent decades the Global Impact Investing Network (GIIN) and Social Value UK (formerly the SROI Network) have made efforts to consolidate their metrics, there has not been a single governing authority to establish an official and centralised system of impact measurement and evaluation.

The promise of impact investing in India

Achieving the ambitious sustainable development goals (SDGs) by 2030 will take an estimated \$5 to \$7 trillion per year, with a financing gap of \$2.5 trillion in developing countries. In India alone, the outsize challenge has been translated into a financing gap of \$565 billion. While the country has seen huge progress across the social sectors, enormous challenges remain. Closing this gap requires action on several fronts; efficient and effective domestic resource mobilisation, outcome-focused donor efforts to ensure that money is spent well and harnessing private capital for good. In recent years, interest has grown globally amongst governments and markets to develop new investment approaches, such as impact investing or purpose-driven finance. Impact investment refers to the provision of finance to organisations with explicit expectations of financial returns as well as measurable social outcomes.

Conclusion: Looking Ahead

Going forward, social finance faces a broad set of opportunities and challenges. Ellie Howard of Cicero Group suggests that “in time, social finance will become inherent to the practice of investing in line with the progression to a conscious economy”, but that “the sector first needs to establish itself”.²¹ In other words, what is now somewhat of a fringe concept—investing to achieve measurable social impact—will eventually become inextricable from “plain-old” normal investing. When that happens, we’ll have an economy that includes social impact in its core calculus; that incorporates more of the full costs and benefits of doing business; and that is more “conscious” of the impacts it has to integrate social finance into investment decisions it is necessary to help asset managers, advisors, and intermediaries communicate the options and benefits of social finance more clearly, and in ways that resonate with investors.

Social Stock Exchange & Social Audit: New Horizon for PCS

CS Amod Kumar

Practicing Company Secretary

Concept of social stock exchange:

A Social Stock Exchange is a marketplace that connects investors with social enterprises, nonprofits organizations, and other organizations that have a social or environmental mission. The idea behind a social stock exchange is to provide a platform for investors who want to make a positive impact with their investments and for organizations that need capital to achieve their social or environmental goals.

Unlike traditional stock exchanges, where companies are primarily focused on maximizing shareholder's value, social stock exchanges are designed to prioritize the social or environmental mission of the organizations listed on the exchange. This means that investors who invest through a social stock exchange are not only looking for financial returns, but also for social or environmental impact.

First Social Stock Exchange was introduced and launched in Brazil in the year 2003. In subsequent years in south Africa (in year 2006), Portugal (in year 2009), Canada (in year 2013), Singapore (in year 2013) United Kingdom (in year 2013), Jamaica (in year 2019).

As the Term used Social Enterprises, Its meaning in SEBI ICDR Regulations “a social enterprises means either a Not for Profit organization or a For Profit Enterprises.”

Objective of social enterprises:

The primary objective of social enterprises is social intent and social impact and to use business principles and practices to achieve social or environmental goals. Social enterprises are organizations that operate with a "triple bottom line" approach, meaning they prioritize not only financial profits, but also social and environmental impact. The specific objectives of social enterprises can vary depending on the organization's mission and goals, but some common objectives include:

1. **Addressing social or environmental challenges:** Social enterprises are often founded with the goal of addressing a specific social or environmental issue, such as poverty, hunger, homelessness, or climate change. These organizations aim to create positive social or environmental impact through their operations.
2. **Creating sustainable livelihoods:** Social enterprises may also focus on creating sustainable livelihoods for individuals or communities, particularly in developing countries. By providing employment or training opportunities, social enterprises can help individuals break the cycle of poverty and achieve economic independence.
3. **Promoting social justice:** Some social enterprises focus on promoting social justice by advocating for policy change or challenging systemic inequalities. These organizations may work to address issues such as gender inequality, racial discrimination, or human rights abuses.
4. **Building community resilience:** Social enterprises may also aim to build community resilience by providing essential goods or services to underserved communities. By promoting access to healthcare, education, or clean water, social enterprises can help communities become more self-sufficient and better equipped to face social or environmental challenges.

Overall, the objective of social enterprises is to use business as a tool for positive social and environmental impact, while also generating financial returns that can be reinvested back into the organization's mission.

In what ways the social enterprises making impact in India :

Social enterprises are making a significant impact in India by addressing a range of social and environmental challenges. Here are some examples of how social enterprises are impacting in India:

- **Employment Generation :** Social enterprises are creating employment opportunities for marginalized communities, including women, youth, and people with disabilities. For example, companies like Chetna Organic and Fabindia are providing employment to thousands of rural artisans and weavers across India.

- **Education** : Social enterprises are providing innovative solutions to improve education outcomes, particularly in rural areas. Companies like Avanti Learning Centers and Hippocampus Learning Centers are using technology to provide quality education to children in remote and underserved areas.
- **Healthcare** : Social enterprises are improving access to healthcare services for underserved communities, particularly in rural areas. Companies like Karuna Trust and Life spring Hospitals are providing affordable and high-quality healthcare services to low-income communities.
- **Environmental Sustainability** : Social enterprises are promoting sustainable practices and reducing environmental impact in various sectors, such as agriculture, energy, and waste management. Companies like SELCO Foundation and Greenpeace India are working to promote renewable energy solutions and reduce carbon emissions.

Overall, social enterprises are making a significant impact in India by addressing social and environmental challenges, promoting inclusive economic growth, and driving sustainable development. The growth of social enterprises in India is creating a positive ecosystem for social innovation and entrepreneurship, and is contributing to the country's economic and social development.

Types of Social Enterprises:

1. Non Profit Organization (NPO):

A Non Profit Organization is a type of organization that does not operate for the benefit of its owners or shareholders, but rather for a specific social or charitable purpose. Nonprofit organizations are often called "charities" or "NGOs" (Non-Governmental Organizations).

NPOs can be of mainly three types as per their registration criteria's such as :

1. A Charitable societies Registered under Societies Registration Act, 1860
2. A Charitable Trust Registered under the India Trust Act, 1882
3. A Company incorporated under section 8 of the Companies Act, 2013

NPOs are typically established to support specific social causes or to provide services that benefit the public. Some examples of nonprofit organizations include charities that provide food, shelter, or medical care to those in need; advocacy groups that promote social or political change; and educational institutions that provide educational programs and services.

Nonprofit organizations are governed by a board of directors / committee members, who are responsible for overseeing the organization's activities and ensuring that it is operating in accordance with its mission and values. Non Profit Organizations may also have employees or volunteers who carry out the day-to-day operations of the organization.

While Non Profit Organizations are not-for-profit, they still require funding in order to carry out their mission. Non Profit Organizations may receive funding from a variety of sources, including government grants, private donations, and fundraising events. However, any surplus revenues generated by a nonprofit organization must be reinvested back into the organization's mission and cannot be distributed to its owners or shareholders.

2. For Profit Enterprises (FPE):

According to ICDR Regulations, 2018: "For Profit Enterprises means a company or a body corporate operating for profit, which is a social enterprises for the purpose of ICDR Regulations and does not include a company incorporated under section 8 of the Companies Act, 2013."

Eligibility criteria for registration of social enterprises on social stock exchange:

A Social Enterprises shall be eligible for fund raising through SSE after fulfilling the below conditions:

- Establish the primacy of intent of social impact.
- The activities of Social Enterprises must focus on underserved or underprivileged populations or geographic area.

- **Social Enterprises shall have at least 67% of its activities qualifying as eligible activities to the target population This can be measured on below parameters : (i) Revenue : At least 67% of the immediate preceding 3 years average revenue should have come from eligible social activities / interventions. (ii) Expenditure: at 67% of the immediate preceding 3 years average expenditure had been on social object / activity. (iii) Target population to whom the eligible activities have been provided constitute at least 67% of the immediate preceding 3 years average of SE's beneficiaries.**

Financing Instruments for NPOs:

A Not for Profit Organization may raise funds on Social Stock Exchange (SSE) through:

Issuance of Zero Coupon Zero Principal Instruments to Institutional investors and/or to non institutional investors.

ZCZP means a instruments issued by NPO which shall be registered with the Social Stock Exchange segment of a recognized Stock Exchange. ZCZP shall have zero coupon that means NPO is not required to pay any periodical interest / dividend and is not required to make any principal payment at maturity. ZCZP will be issued for specific project. ZCZP is different from conventional bonds that means ZCZP is main fund raising tool for NPO for carrying out the social intervention / activity for marginalized communities to enhance their social condition and creating overall social impact at large level.

Condition to issue ZCZP:

- ZCZP minimum issue size Rs. 1 crore (for institutional investors and noninstitutional investors)
- Minimum application size Rs. 2 lacs (for retail investor)
- Minimum subscription 75% of the funds proposed to be raised
- NPO must be of 3 years old and hold a valid certificate u/s 12A/12AA/12AB under Income Tax Act, 1961 & 80G Registration.
- NPO can raise funds through any other means.
- If NPO is dependent on corporate for more than 50% of its funding then is shall not be eligible to apply for registration on Social Stock Exchange.
- NPO must be registered on NGO Darpan Portal.
- Only Indian NPO can apply for registration on Social Stock Exchange.
- ZCZP cannot be issued by For Profit Enterprises.
- ZCZP shall be in dematerialized form only
- ZCZP will not attract STT.
- Instruments issued by the NPO shall not be traded in secondary market. But instruments issued by FPE available for trading in secondary market.
- Funds raised by NPO shall be treated as grant

Financing Instruments for FPEs:

There are several financing instruments available for for-profit enterprises, including:

- **Equity financing:** Equity financing involves selling ownership shares in the company to investors in exchange for capital. This can include angel investors, venture capitalists, or even public offerings of stock. The investors become part owners of the company and may be entitled to a share of the profits and voting rights.
- **Debt financing:** Debt financing involves borrowing money from a lender or financial institution and repaying it over time with interest. This can include bank loans, lines of credit, or corporate bonds. The lender does not become a part owner of the company, but rather is entitled to repayment of the loan with interest.
- **Convertible debt:** Convertible debt is a hybrid financing instrument that starts out as debt, but can be converted to equity under certain circumstances. This can be an attractive option for both the investor and the company, as it provides flexibility in terms of how the investment is structured.
- **Mezzanine financing:** Mezzanine financing is a form of hybrid financing that sits between equity and debt. It typically involves the use of high-interest loans that can be converted to equity in the company under certain conditions.
- **Revenue-based financing:** Revenue-based financing is a type of financing that is based on the revenue generated by the company. Investors provide capital in exchange for a percentage of the company's revenue over a certain period of time.

- **Crowd funding:** Crowd funding involves raising capital from a large number of investors through online platforms. This can include donations, rewards-based crowd funding, or equity-based crowd funding.

Overall, for-profit enterprises have a range of financing options available to them, depending on their stage of development, funding needs, and risk profile. Companies should carefully consider their financing options and seek advice from financial professionals before selecting the best option for their needs.

Other category of funds those invest in social enterprises:

Social Impact Funds:

Social impact funds are investment funds that aim to generate both financial returns and social impact by investing in companies or organizations that have a positive impact on society and the environment. These funds are also known as impact investment funds, sustainable investment funds, or socially responsible investment funds.

Social impact funds typically invest in companies or organizations that address social or environmental issues such as poverty, climate change, education, healthcare, or renewable energy. They use a range of investment strategies, including private equity, venture capital, debt financing, and public equity.

The social impact funds seek to achieve measurable social or environmental outcomes, in addition to generating financial returns for investors. The impact of the investment is assessed using a range of metrics such as social return on investment (SROI), environmental impact, or social impact assessments.

Social impact funds can provide several benefits to investors, including the opportunity to align their investments with their values, to diversify their portfolios, and to generate long-term sustainable returns. They can also contribute to positive social and environmental outcomes by supporting innovative and impactful companies or organizations.

Examples of social impact funds include the Global Impact Investing Network (GIIN), Calvert Impact Capital, the Omidyar Network, and the Acumen Fund. These funds vary in size, focus, and investment strategy, but they share the common goal of generating both financial returns and social impact.

Development Impact Funds:

Development Impact Funds (DIFs) are investment funds that focus on promoting economic development in emerging markets by investing in businesses and projects that have a positive impact on local communities. These funds seek to generate both financial returns and social impact, and are often supported by development finance institutions, government agencies, and philanthropic organizations.

DIFs invest in a range of sectors, including agriculture, infrastructure, energy, and financial services. They may use a variety of investment instruments, such as equity, debt, guarantees, or technical assistance. The investments are typically made in small and medium-sized enterprises (SMEs) that have the potential to create jobs, increase incomes, and promote economic growth in the region.

DIFs often require a longer investment horizon than traditional private equity or venture capital funds, as the businesses they invest in may require more time to reach profitability or impact. They may also face higher risks due to the challenging economic and political conditions in emerging markets.

However, DIFs can have a significant impact on economic development by providing critical capital and support to small and growing businesses in emerging markets. They can also help attract additional investment capital and build local capacity for entrepreneurship and innovation.

There are several examples of Development Impact Funds operating in India, including:

- 1. Aavishkaar:** Aavishkaar is a leading impact investment firm in India, which manages several funds focused on investing in businesses that have a positive impact on society and the environment. Aavishkaar has invested in over 80 companies across various sectors, including agriculture, healthcare, education, and financial services. Some of their notable investments include Med Plus, a chain of retail pharmacies, and Mera Doctor, a healthcare platform for low-income communities.
- 2. Omnivore:** Omnivore is a venture capital firm that invests in early-stage startups focused on agriculture and food technology in India. Omnivore has supported several innovative startups in the agriculture sector, including Skymet Weather Services, a weather data analytics company, and Khedut Agro Engineering, which provides affordable irrigation solutions to farmers.
- 3. Indian Angel Network:** The Indian Angel Network (IAN) is a network of angel investors that invests in early-stage startups in India. IAN has a dedicated fund for impact investments, which focuses on businesses that have a positive impact on society and the environment. Some of their notable impact investments include Karma Healthcare, which provides affordable healthcare services to rural communities, and Ecozen Solutions, a company that provides solar-powered cold storage solutions for farmers.

These Development Impact Funds have played an important role in supporting social and economic development in India by investing in innovative businesses and projects that have a positive impact on local communities.

Social Auditor Definition:

SEBI defines a Social Auditor as an individual registered with a self regulatory organization under the purview of the Institute of Chartered Accountants of India. To be qualified as a social auditor, an individual must qualify for certification program conducted by the National Institute of Securities Market (NISM) and hold a valid certificate.

Social auditing is a process of assessing and reporting on an organization's social, environmental, and ethical performance. It involves examining the impact of an organization's activities on its stakeholders, such as employees, customers, suppliers, local communities, and the environment. Social auditing is becoming increasingly important in India, as companies are expected to take responsibility for their social and environmental impact.

A social auditor is a professional who conducts social audits on behalf of organizations. Social auditors may work independently or as part of a consulting firm. They are responsible for evaluating an organization's social, environmental, and ethical performance, and producing a report that summarizes their findings.

The role of a social auditor in India includes:

- 1. Assessing compliance with legal and regulatory requirements:** Social auditors ensure that organizations comply with relevant laws, regulations, and industry standards. This includes assessing issues such as labor laws, health and safety regulations, and environmental regulations.
- 2. Identifying areas for improvement:** Social auditors identify areas where organizations can improve their social and environmental performance. This may include recommendations for improving working conditions, reducing environmental impact, or enhancing community engagement.
- 3. Engaging with stakeholders:** Social auditors engage with stakeholders to understand their concerns and perspectives. This may involve conducting surveys, interviews, or focus groups with employees, customers, suppliers, and local communities.
- 4. Providing transparency and accountability:** Social auditors provide transparency and accountability by producing a report that summarizes their findings. This report is typically made publicly available, allowing stakeholders to hold the organization accountable for its social and environmental performance.

Social Audit Standards:

The Institute of Chartered Accountants of India (ICAI) has issued a set of 16 social audit standards for social auditors in India. These standards are based on the principles of transparency, accountability, stakeholder engagement, and continuous improvement. The 16 social audit standards issued by ICAI are:

SAS 100: Eradicating hunger, poverty, malnutrition, and inequality.	SAS 900: Supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building
SAS 200: Promoting health care (including mental health) and sanitation; and making available safe drinking water	SAS 1000: Promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector
SAS 300: Promoting education, employability, and livelihoods	SAS 1100: Slum area development, affordable housing, and other interventions to build sustainable and resilient cities
SAS 400: Promoting gender equality, empowerment of Women and LGBTQIA+ communities	SAS 1200: Disaster management, including relief, rehabilitation, and reconstruction activities
SAS 500: Ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest, and wildlife conservation	SAS 1300: Promotion of financial inclusion
SAS 600: Protection of national heritage, art, and culture	SAS 1400: Facilitating access to land and property assets for disadvantaged communities
SAS 700: Training to promote rural sports, nationally recognised sports, Paralympic sports, and Olympic sports	SAS 1500: Bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection
SAS 800: Supporting incubators of social enterprises	SAS 1600: Promoting welfare of migrants and displaced persons

These social audit standards are designed to provide guidance to social auditors in India, and to promote consistency and reliability in the social audit process. By adhering to these standards, social auditors can ensure that their audits are conducted in a professional and rigorous manner, and that their reports are transparent, objective, and relevant to stakeholders.

Social Audit V/S Financial Audit:

Social audit and financial audit are two distinct types of audits that serve different purposes. A social audit focuses on evaluating an organization's social and environmental impact, while a financial audit focuses on verifying the accuracy and completeness of its financial statements.

Here are some key differences between social audit and financial audit:

- **Purpose:** The purpose of a social audit is to assess an organization's social and environmental impact and to ensure that it is fulfilling its social responsibility obligations. The purpose of a financial audit is to verify the accuracy and completeness of an organization's financial statements.
- **Scope:** The scope of a social audit is broader than that of a financial audit. It includes an assessment of an organization's impact on society and the environment, as well as its compliance with relevant laws and regulations. The scope of a financial audit is limited to the organization's financial statements.
- **Focus:** The focus of a social audit is on non-financial performance indicators, such as social and environmental impact, stakeholder engagement, and corporate social responsibility. The focus of a financial audit is on financial performance indicators, such as revenue, expenses, assets, and liabilities.
- **Methodology:** The methodology for conducting a social audit is different from that of a financial audit. A social audit typically involves qualitative data collection methods, such as surveys, interviews, and site visits, and may also use quantitative data analysis techniques. A financial audit primarily relies on quantitative data analysis techniques, such as examining financial statements and supporting documents.
- **Reporting:** The reporting for a social audit is different from that of a financial audit. A social audit report typically includes information on the organization's social and environmental impact, stakeholder engagement, and corporate social responsibility performance, as well as recommendations for improvement. A financial audit report primarily includes an opinion on the accuracy and completeness of the organization's financial statements.

Overall, social audit and financial audit are two distinct types of audits that serve different purposes and require different methodologies and reporting. However, they can complement each other by providing a comprehensive assessment of an organization's overall performance.

New Horizon for practicing Company Secretaries as Social Auditor:

Practicing Company Secretaries (PCS) can play an important role as social auditors by evaluating the social and environmental impact of an organization and providing an independent assessment of its social responsibility performance. PCS have a unique skill set that includes expertise in corporate governance, ethics, and compliance, which makes them well-suited to undertake social audits.

1. Conducting a comprehensive social audit of the organization to evaluate its social and environmental impact.
2. Identifying areas where the organization can improve its social and environmental performance and provide recommendations for improvement.
3. Reviewing the organization's compliance with relevant laws, regulations, and industry standards, and recommending corrective actions where necessary.
4. Engaging with stakeholders, such as employees, customers, suppliers, local communities, and environmental groups, to understand their concerns and priorities.
5. Preparing a report that provides an independent and objective assessment of the organization's social responsibility performance and highlights areas for improvement.
6. Presenting the report to the organization's management and board of directors and working with them to develop an action plan to address the identified areas of improvement.
7. Monitoring the organization's progress towards implementing the action plan and reporting on its performance in subsequent social audits.

By providing an independent assessment of an organization's social and environmental impact, PCS can help promote accountability and transparency, enhance stakeholder trust, and drive positive social and environmental change. PCS can also help organizations to develop and implement socially responsible business practices that are aligned with their strategic objectives and contribute to sustainable development.

Conclusion:

In conclusion, social enterprises are businesses that are driven by a social or environmental mission, and aim to generate both financial and social returns. Social enterprises play an important role in addressing social and environmental challenges, creating employment opportunities, and driving sustainable economic development. They are characterized by their innovative business models, focus on impact, and commitment to social responsibility.

Social enterprises face unique challenges, such as accessing finance, building strong partnerships, and measuring their social impact. However, there are various financing instruments available for social enterprises, such as impact investment funds and development finance institutions. Social enterprises can also benefit from engaging with stakeholders, building a strong brand, and adopting a transparent and accountable approach to social and environmental performance.

Overall, social enterprises have the potential to create significant positive impact on society and the environment, while also driving economic growth and financial sustainability. As such, it is important to support and promote the development of social enterprises, and to recognize their role in achieving sustainable and inclusive economic development.

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Business Responsibility & Financial Reporting (BRSR) in India - An overview

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Background

In the present world the issues of climate change and environmental degradation have taken a place of priority among many agencies and authorities all around the world, with global communities coming together and brainstorming the approaches of managing them. In the Conference of Parties (CoP27) held at Egypt in 2022, emphasized the reaffirmations by countries of their commitments to effectively combat climate change with the focus on sustainability in a way it has never been before. Hence sustainability is something that investors are demanding, customers are expecting, shareholders are relying on, and employees are valuing. Non-financial reporting has gained traction across the world as more and more companies have started becoming conscious about the adverse effects of their operations on the environment and climate change. The emphasis on nonfinancial reporting has prompted a reorientation of business models towards a more sustainable approach. Several institutions such as the Sustainability Accounting Standards Board (SASB)⁷, the Global Reporting Initiative (GRI)⁸, and the Task Force on Climate-related Financial Disclosures (TCFD)⁹ had started working to form standardized reporting formats for non-financial disclosures by companies.

Evolution of BRSR

In the backdrop of increasing pressure from investors on companies for greater transparency and non-financial reporting, the Securities and Exchange Board of India (SEBI) introduced the Business Responsibility Report (BRR) for top 100 listed companies by market capitalization in 2012 as part of its Annual Report. These BRR were primarily aligned with 'Voluntary Guidelines on Corporate Social Responsibility' introduced by Ministry of Corporate affairs in 2009. The BRR was intended to provide a push to businesses to go above and beyond regulatory financial compliance and incorporate reporting on social and environmental impacts as well. SEBI further extended BRR to the top 500 listed companies in 2015. However, the disclosure mechanism emanating from the NVGs, namely, the Business Responsibility Report (BRR), needed to be modified to align it with NGRBC 2019 and encourage companies to take on leadership roles in practices and disclosures. Therefore, in May 10 2021, SEBI vide circular no SEBI/HO/CFD/CMD-2/P/CIR/2021/562 introduced a new ESG reporting structure titled 'Business Responsibility and Sustainability Reporting' to make it mandatory for the top 1000 listed companies in the stock exchange (by market capitalization), to report their sustainability performance from FY 2022 – 2023 onwards and maintain transparency with their key stakeholder. However filing of BRSR is Voluntary for FY 2021-2022.

Key Features of BRSR

The Securities and Exchange Board of India (SEBI), defined ESG disclosures in a standardized manner for listed companies based on which, the Business Responsibility and Sustainability (BRSR) guidelines were issued.

Some of the key highlights of BRSR are as follows:

- **Thrust to maximizing business impact** - With a primary objective of creating awareness around corporate sustainability, the new disclosure requirements, which are of a mandatory nature, will enable the companies with reporting obligation to redefine their corporate purpose with an enhanced focus on environmental, social and governance dimensions.
- **Linkages with Global Reporting Standards/Annual Report** - The listed companies, while preparing sustainability reports, can now cross-reference such reporting with internationally accepted disclosure parameters as set out under GRI, SASB, TCFD, etc. Furthermore, in case the data sought under BRSR format is already available under the annual report, the Regulatory Authority allows companies to cross reference such disclosure data either in the annual report or the sustainability report to avoid dual reporting.
- **Emphasis on training and awareness** - The new format lays emphasis on the importance of imparting adequate awareness and training sessions on aspects such as employee health and safety measures, anti-corruption issues and upskilling of workforce. Accordingly, the companies are required to disclose details of such training initiatives.

- **Environmental and Social Assessment related disclosures** - With a focus on environmental and social aspects, the new reporting format seeks disclosures with respect to any Environmental or Social Impact Assessments carried out by the listed companies in compliance with relevant laws.
- **‘Essential’ and ‘Leadership’ Indicators** - The revised framework promotes the adoption of the Key Performance Indicators (KPIs) model and although voluntary, the Regulatory Authority encourages listed companies to report on ‘essential’ and ‘leadership’ indicators as well.

BRR vs BRSR

The Main Differences between BRR and BRSR are highlighted below:

BRR		BRSR
5 Reporting Sections <ul style="list-style-type: none"> ➤ General Information ➤ Financial Details ➤ BR Information ➤ Principle wise performance ➤ Other Details 	Reporting Sections	3 Reporting sections <ul style="list-style-type: none"> ➤ General Disclosures ➤ Management & Processes ➤ Principle wise performance
Universal Single Format	Format	Essentials Indicators Leadership Indicators
59 Questions	Questions	140 Questions <ul style="list-style-type: none"> ➤ 98 Mandatory ➤ 42 Leadership
Mostly Qualitative	Indicators	Both Qualitative and Quantitative
Annual Report	Disclosures	Annual Report, MCA 21 portal

Structure & Format of BRSR

The principal purpose of this reporting framework is to serve as an internal tool for businesses intending to align themselves with the NGRBC16. The reporting structure is divided into three sections:

- **Section A:** Provides the subtitles for explaining the **General Disclosures** of the business such as, details of the listed entity, products and services, list of operations, market served by the entity, Details of employees, Holding, Subsidiary and Associate Companies, Corporate Social Responsibility (CSR) transparency and disclosure requirements.
- **Section B:** Provides a table full of questions on **Management and Process Disclosures** related to the business aimed at demonstrating the structures, policies and processes put in place towards adopting the NGRBC principles and core elements mainly concerning leadership, governance, and stakeholder engagement. Wherever relevant, companies have been asked to provide links to their websites where these policies are available.
- **Section C:** Provides the **disclosure of principle wise performance** of the business across the 9 Principles of NGRBC. These principles set the basis for the businesses to demonstrate their intent and commitment to sustainable development. Further, companies are required to report on two parameters for each principle, which are:
 1. **Essential indicators (mandatory)** - These are the indicators which the company mandatorily needs to report, which include environmental data such as energy, emissions, water, and waste; trainings conducted; community initiatives undertaken by the company and social impact created by the company.
 2. **Leadership indicators (voluntary)** - These indicators are not mandatory to be reported by the company yet. However, there is a broader expectation that companies would be compliant with these indicators for improved transparency and greater

accountability. This might include reporting on scope 3 emissions and breakdown of energy consumption, health, and safety assessment of value chain partners. The leadership indicators focus on providing a broader picture of the company's operations in terms of sustainability.

Conclusion

An important aspect of sustainability reporting for companies in India has been the challenge of selecting the correct reporting framework. BRSR simplifies that problem with a unified, transparent reporting format which all companies will need to adopt going forward. The main purpose of the BRSR is to help companies align their businesses with the NGRBC. This directly helps put emphasis on transparency and accountability of a company's operations.

There are still challenges in adopting BRSR going forward, such as the lack of suitable skills to meet the reporting requirements. Businesses must seek to bridge this gap by increasing their level of preparedness to understand the criteria and develop their reports as per the requirement of SEBI. Overall, the corporate sector must work towards meeting the obligations under this new mandate and taking it in its stride

Registration Listing and Fund Raising on Social Stock Exchange

CS Khushboo Agarwal

Vice Chairperson Surat Chapter ICSI

Emergence of Social Stock Exchange (SSE) Concept in India

Hon'ble Finance Minister Smt. Nirmala Sitharaman as part of the Budget Speech for FY 2019-20 proposed the idea of an electronic fund-raising platform "Social Stock Exchange", under the regulatory ambit of SEBI for listing social enterprises and voluntary organizations working for the realization of a social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund.

Objectives of the Social Stock Exchange:

- Regulated platform that brings together social enterprises and donors
- Facilitate funding and growth of social enterprises
- Enabling mechanism to ensure robust standards of social impact and financial reporting

The NSE and BSE has received final approval from the Securities and Exchange Board of India (SEBI) to launch Social Stock Exchange (SSE) as a separate segment of the NSE.

Any social enterprise, Non-Profit Organization (NPOs) or For-Profit Social Enterprises (FPEs), that establishes its primacy of social intent can get registered / listed on SSE segment.

About Social Stock Exchange

The Social Stock Exchange segment on NSE and BSE provides Social Enterprises (Non-profit organizations (NPOs) and For-profit enterprises (FPEs)) engaged in eligible activities a unique opportunity to register itself and raise funds on a recognized exchange platform.

A Social Enterprise i.e., a Not-for-Profit Organization (NPO) or a For Profit Social Enterprise (FPE) fulfilling the eligibility conditions as specified in SEBI ICDR Regulations or as specified by SEBI from time to time will be permitted to register or list its instruments.

Social Enterprises – Instruments and Process Overview



Benefits of Registration/Listing

- **Improved market access** - SSE will facilitate a common and a structured meeting ground between Social Enterprises and investors/donors with inbuilt regulation for providing sanctity and accountability of finances.
- **Synergy between investors and investee in social aims** - In view of flexibility of investments and capital that would be available on an SSE, the canvas of choice would be much wider allowing investors and investees with similar missions and visions to connect seamlessly.

- **Performance based philanthropy** - Performance of the enterprises listed on an SSE would be monitored thus it will instill a culture of performance (Social return) driven philanthropy.
- **Minimal registration cost** - SSE saves cost for both issuer and investor/donor by charging minimal fees for registration and listing.
- **Additional avenue for Social Enterprises** - Central and State governments till date have the biggest onus of achieving sustainable development goals. SSE will provide an alternate avenue for raising funds thereby encouraging new and existing social enterprises.

Eligibility Criteria

Predominance (Any one of the following)

- At least 67% of the immediately preceding 3-year average of revenues comes from providing eligible activities to members of the target population
or
- At least 67% of the immediately preceding 3-year average of expenditures has been incurred for providing eligible activities to members of the target population
or
- Members of the target population to whom the eligible activities have been provided constitute at least 67% of the immediately preceding 3-year average of the total customer base/beneficiaries

Target Segment

Social Enterprise shall target underserved or less privileged population segments or regions recording lower performance in the development priorities of central or state governments.

Entities Excluded

- Corporate foundations
- Political or religious organizations or activities
- Professional or trade associations
- Infrastructure, and housing companies, except affordable housing

List of eligible activities for demonstrating primacy of Social Impact

- eradicating hunger, poverty, malnutrition and inequality
- promoting health care including mental healthcare, sanitation and making available safe drinking water
- promoting education, employability and livelihoods
- promoting gender equality, empowerment of women and LGBTQIA+ communities
- ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation
- protection of national heritage, art and culture
- training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports supporting incubators of Social Enterprises
- supporting incubators of Social Enterprises
- supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building
- promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector
- slum area development, affordable housing and other interventions to build sustainable and resilient cities
- disaster management, including relief, rehabilitation and reconstruction activities
- promotion of financial inclusion
- facilitating access to land and property assets for disadvantaged communities
- bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection

- promoting welfare of migrants and displaced persons
- any other area as identified by the Board or Government of India from time to time

Checklist for registration of a Not-for-Profit Organization (NPO) with Social Stock Exchange (SSE)

1. Application Form as per Annexure I

2. Registration certificate of the NPO under one of the following-

- a) a charitable trust registered under the public trust statute of the relevant state
- b) a charitable trust registered under the Societies Registration Act, 1860
- c) a charitable trust registered under the Indian Trusts Act, 1882
- d) a company incorporated under section 8 of the Companies Act, 2013

Note: - The registration certificate must be valid for at least next 12 months from date of application and the NPO must have been registered at least 3 years prior to date of application.

3. Governing document of the NPO seeking registration (MoA& AoA/ Trust Deed/ Byelaws/ Constitution, as the case may be)

4. Registration Certificate under section 12A/12AA/12AB under Income Tax Act, 1961.

Please note the registration certificate should be valid for at least next 12 months from date of application.

5. Valid 80G registration under Income Tax Act, 1961 of NPO

6. Last three financial years' Audited financial statements of the NPO along with fund flow statement. In case the Entity is a Section 8 Company, please provide Annual Reports for last 3 financial years as well.

7. Resolution from the Governing body of NPO for registration on Social Stock Exchange.

8. Confirmation from NPO in the format prescribed as per Annexure II

9. Confirmation from Social Auditor/Statutory Auditor in the format prescribed as per Annexure III

10. a) In case of Section 8 Company-

i Names and PANs of Promoter/s, promoter group

ii Names and PANs of directors of the Company

iii Names and PANs of the Companies or Social Enterprises in which the promoter(s) or director(s) of the Company are promoter(s) or Director(s) or Trustee(s).

b) In case of others-

i. Names and PANs of trustees/ members of the governing body of the Social Enterprise

ii. Names and PANs of the Companies/Social Enterprises in which the trustees or governing body members of the Entity are promoter(s) or Director(s) or Trustee(s).

11. Registration Agreement as per Annexure IV

12. Processing Fees, if any

The registration of the SSE shall be valid for the period of 1 year from the date of registration. The social enterprise may apply to renew the registration by submitting –

a) Confirmation from NPO including compliances with necessary on-going compliances and undertaking from Social Auditor/Statutory Auditor as above

b) Details of material changes, in any of the documents/information submitted by the NPO at the time of initial registration.

Checklist for in-principle approval for raising of funds by NPO through private placement

1. Draft fund raising document as per SEBI and Exchange Requirements

2. Confirmation from the issuer that the draft fund-raising document filed with the Social Stock Exchange is in compliance with regulation 292K of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and requirements of the Exchange.

3. Confirmation from the issuer &/or Social Auditor/Statutory Auditor that the issuer is eligible to be an NPO and issue ZCZP in terms of Chapter X-A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, applicable SEBI Circulars and requirements of the Exchange.

4. Confirmation from the issuer that it is in compliance with any applicable laws and regulations in force in relation to donors /

- donations including but not limited to Prevention of Money Laundering Act, 2002, Foreign Account Tax Compliance Act, etc.
5. Confirmation from the issuer including that the issue is in compliance with regulation 292N of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and requirements of the Exchange.
 6. Processing Fees, if any

Checklist for Final listing of ZCZPs to be issued on private placement basis

1. Listing Application
2. Fund raising document as per SEBI and Exchange Requirements
3. Credit Confirmation received from the depository(ies)
4. Resolution passed by the Governing Body/ Committee for allotment of securities alongwith List of allottees
5. Undertaking/Certification from the NPO (As per Annexure I) Additional documents applicable for NPO not listed on the Exchange
6. Governing document (MoA & AoA/ Trust Deed/ Byelaws/ Constitution)
7. Uniform Listing Agreement

Checklist for in-principle approval for raising of funds by NPO through public issue

1. Draft fund raising document as per SEBI and Exchange Requirements
2. Confirmation from the issuer that the draft fund-raising document filed with the Social Stock Exchange is in compliance with regulation 292K of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and requirements of the Exchange.
3. Confirmation from the issuer &/or Social Auditor/Statutory Auditor that the issuer is eligible to be an NPO and issue ZCZP in terms of Chapter X-A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, applicable SEBI Circulars and requirements of the Exchange.
4. Confirmation from the issuer including that the issue is in compliance with regulation 292N of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and requirements of the Exchange.
5. Confirmation from the issuer that it is in compliance with any applicable laws and regulations in force in relation to donors / donations including but not limited to Prevention of Money Laundering Act, 2002, Foreign Account Tax Compliance Act, etc.
6. Confirmation from the Issuer & RTA w.r.t. the following –
 - a. All the public comments (if any) will be suitably addressed before filing the final offer document with ROC. OR
 - b. No public comments have been received on draft offer document-ii Note - It should be submitted at the earliest, after completion of 21 days from filing the document with Social Stock Exchange
7. Processing Fees, if any

Checklist of Public Issue of ZCZP – Stage 1

1. Minutes of meetings between Registrar and NPO along with the reasons for exception to rejection cases.
2. Fund raising document as per SEBI Circular and amendment thereto
3. A statement of computation of the quantum of ZCZP available for allotment to the Institutional Bidders and Non-Institutional Bidders, alongwith Category wise breakup of the total applications received, allotted and rejected on technical grounds.
4. Copy of the proposed basis of allotment.
5. Declaration from NPO that the issue has received minimum subscription as specified under Regulation 292N of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
6. Declaration from the NPO that there is no injunction / prohibition order of a competent court of law on the issue or on a part of any particular category of the issue.
7. Certified true copy of all material contracts and documents mentioned in the Fund-raising document alongwith the statement containing particulars of, dates of, and parties thereto

Checklist of ZCZP – Stage 2

- 1. Listing Application**
- 2. Listing Agreement duly executed on non-judicial stamp paper (for new NPOs)**
- 3. Confirmation from NPO as per Annexure – I**
- 4. Certified true copy of the resolution passed by the Governing Body for allotment of securities (the resolution should specifically make a mention of total number of Securities allotted/allocated by the NPO).**
- 5. ISIN Activation letters from both the Depositories**
- 6. Trust Deed**
- 7. Confirmation from Registrar regarding: (i) the allotment of securities and the refund being made. (ii) completion of all formalities except demat credit**
- 8. Credit Confirmation from the Depositories**
- 9. List of Allottees along with number of ZCZP applied, amount paid, bank account details, PAN number, Demat account details etc.**
- 10. Initial listing fees and Annual Listing fees plus applicable taxes.**

Zero Coupon Zero Principal Bond (ZCZP)

ZCZP bonds are a funding tool for the projects of non-governmental organizations. These do not require the NGOs to pay the principal amount or make any other payment in lieu thereof after the completion of the project.

Certain Minimum Requirements to be complied for Issue and Listing of ZCZPS by an NPO on SSE

- 1. ZCZPs should be issued in dematerialized form only.**
- 2. The minimum issue size should be Rs. one crore.**
- 3. The minimum application size should be Rs. two lakhs.**
- 4. The minimum subscription required to be achieved should be 75% of the funds proposed to be raised through issuance of ZCZPs.**
- 5. Only institutional investors and non-institutional investors should be allowed to invest in the ZCZPs of NPO.**

“Corporate Social Responsibility”

CS Lalit Rajput

Legal, DS Group

CS Bhavana Tikekar

CS, Asianet Star Communications Pvt. Ltd.

Corporate Social Responsibility begins with a strong, competitive company. Only a healthy enterprise can improve and enrich lives of people and their communities

- Jack Welch

The concept of Corporate Social Responsibilities (“CSR”) is known for its philanthropic nature. CSR is a self-regulating business model that helps a company to be socially accountable — to itself, its stakeholders and the public. By practicing CSR, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social and environmental which is why the government has considered all these aspects while formulating CSR rules in India.

CSR was introduced in India in the year 2010, when The Ministry of Corporate Affairs (MCA) had issued ‘Corporate Social Responsibility Voluntary Guidelines’ which made CSR voluntary for the companies but for the first time it was introduced as a statutory obligation for companies by way of Companies Act, 2013 (“Act”) under Section 135. Thereafter, the Companies (Corporate Social Responsibility Policy) Rules were notified on 27th February 2014 (“Rules”) to lay down the specifications and procedure to be followed by the companies while discharging their CSR obligations.

The Companies Amendment Act of 2019 and 2020 resulted in some major changes in the CSR provision under Section 135 of the Act. The Ministry of Corporate Affairs (“MCA”) had released the Draft Companies (Corporate Social Responsibility Policy) Amendment Rules in March 2020 (“Draft Rules”) inviting public comments and on 22nd January 2021, the MCA finally issued the Companies (Corporate Social Responsibility Policy) Amendment Rules (“New Rules”) giving effect to the changes introduced in CSR by the Companies Amendment Act of 2019 and 2020.

In this Article, endeavors have been made to discuss the new notable and important concepts/changes which have been introduced under the New Rules, Impact of change New Rules on COVID -19 pandemic, top NGOs in India engaged in Corporate Social Responsibilities activities.

Key changes introduced in CSR Amendment, Regulations, 2021:

1. Non permissible activities under CSR:

The CSR activities specifically excludes following activities:

- Activities in pursuance of normal course of business. However, any company engaged in R&D of vaccines, drugs and medical devices may undertake COVID-19 related R&D as CSR for 3 financial starting 2020-21 subject to certain conditions prescribed in New Rules.
- Contribution to political party as provided under section 182 of the Act.
- Sponsorship for deriving marketing benefits for own products and services.
- Fulfilment of any other statutory obligations under any other law in force in India.
- Activities undertaken outside India except training of National or International level Indian sportspersons.
- Activities benefiting employees of the company defined in clause (k) of section 2 of the Code on Wages, 2019.

2.	<p><u>Ongoing projects</u></p> <p>It is defined as multi-year project not exceeding three years excluding the FY in which it was commenced. Board may extend duration of a project to make it an ongoing project.</p>
3.	<p><u>CSR Spending</u></p> <ul style="list-style-type: none"> - Unspent amount not relating to ongoing projects to be transferred to Government funds notified in Schedule VII withing a period of 6 months from end of that particular financial year. - Unspent amount relating to an ongoing project to be transferred to Unspent CSR Account and used within immediate succeeding 3 financial as per CSR policy of the company. - Amount transferred to Unspent CSR Account remaining unspent at the end of immediate succeeding 3 financial to be transferred to Government funds notified in Schedule VII within 30 days from the date of completion of the third financial year.
4.	<p><u>Set off of excess CSR contribution</u></p> <ul style="list-style-type: none"> - The excess amount of CSR contribution be allowed to be set off against the immediate succeeding three financial years with the permission of a Board of Directors subject to the conditions prescribed in New Rules.
5.	<p><u>Transfer of capital assets to the NGOs</u></p> <p>Ownership of capital assets created out of CSR fund to be held by:</p> <ul style="list-style-type: none"> - A section 8 Company, or a Registered Public Trust, or Registered Society, having charitable objects and CSR Registration Number, or - Collectives of beneficiaries, or - Public authority as defined in Section 2(h) of RTI Act. - The ownership of existing capital assets, if any held in the company's name to be transferred to above mentioned company/ trust/beneficiary within 180 days from the commencement of New Rules and the said period can be extended <u>upto</u> 90 days beyond 180 days with the permission of the Board.
-	<p><u>Filing of e-Form CSR -1</u></p> <ul style="list-style-type: none"> - The New Rules brought the new mandatory registration of Trusts/Section 8 companies with the Central Government by way of <u>filing e-Form CSR-1</u> with Registrar of Companies. - Further, the MCA has introduced MCA E-Form CSR -1 w.e.f. 01.04.2021 on MCA Portal. - On the submission of the e-Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically and said number of implementing partner is required to be disclosed in Annexure II

6.	<p><u>Increased responsibility of Board and format of reporting CSR contribution in Board's Report</u></p> <ul style="list-style-type: none"> - CFO or person responsible for financial management to certify CSR fund utilized for the purpose and manner approved by the Board. - Board to monitor implementation of ongoing projects with respect to approved timelines and year-wise allocation. - The detailed information with respect to excess CSR spend carried forward and set-off, Surplus arising out of CSR projects, Ongoing projects, capital assets, unspent CSR amount shall be reported in Annexure II as prescribed under New Rules.
7.	<p><u>Impact Assessment</u></p> <ul style="list-style-type: none"> - Impact assessment to be undertaken for CSR projects with outlays of one crore or more by the Company having average CSR obligation of ten crore or more in immediate 3 preceding financial years through independent agency. - Independent agencies have not been defined under New Rules. - The cost of impact assessment expenditure shall not exceed 5% of the mandated CSR or Rs. 50,00,000, whichever is less. - Impact assessment report to be placed before the Board.

CSR and COVID -19 Interlinked

COVID-19 has been considered a global pandemic by the World Health Organization (WHO) in 2020. The contagious disease tremendously disrupted socio-economic circumstances of the entire earth. The Government of India and state governments announced lockdowns throughout the country in March, 2020 in order to promote social distancing, which basically directed the public to maintain distance both socially and physically.

Further, A general circular (No. 21/2014, dated June 18, 2014) mentioned that the items in Schedule VII are broad-based and may be interpreted liberally for the purpose of donations being made with respect to COVID 19. This announcement from the Ministry of Corporate Affairs was welcomed by Corporates India. It created a flexible situation for companies with existing CSR obligation pending who wanted to contribute to relief and meet statutory requirements of Act.

With the announcement by the government that any amount donated by companies in support of the fight against COVID-19 will qualify as CSR, a majority of the companies either contributed to the PM CARES Fund or for various other purposes that contributed to protecting health and preventing hunger of the affected.

The pandemic has surfaced issues we probably never considered important till now. Considering the need of an hour, The Indian government has made following significant changes in the definition of Corporate Social Responsibility in Rule 2 of Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 to include R & D for new vaccine, medicines and medical devices:

“Corporate Social Responsibility (CSR)” will now include activities undertaken in pursuance of normal course of business of the company PROVIDED that any company engaged in research and development activity of new vaccine, drugs and medical devices in their normal course of business may undertake research and development activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22, 2022-23 subject to the conditions that:

- such research and development activities shall be carried out in collaboration with any of the institutes or organizations mentioned in item (ix) of Schedule VII to the Act;

- details of such activity shall be disclosed separately in the Annual report on CSR included in the Board’s Report.

Thus, research and development activities will qualify as CSR activity if carried out in collaboration with: “incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, or public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defense Research and Development Organization (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine.”

Non-Profit Organizations and CSR Activities - NGOs have been playing a crucial role in India since several years bridging the gap between government schemes and beneficiaries in remote areas. During Covid-19 crisis, they have emerged as the first line of protection and relief for the most affected people in the Country. Here are the top NGOs in India that are bringing about changes in the lives of people of India living in poverty line, sustainable/environmental development and actively engaged in Covid -19 crisis:

Top NGOs providing relief during Covid- 19 pandemic

Name of the NGOs	Object of the NGO
SEEDS	The acronym SEEDS stand for Sustainable Environment and Ecological Development Society. This 26-year-old Organisation is active across India and in Nepal. This NGO works to create a safer and more sustainable Asia. SEEDS specialises in disaster preparedness, disaster response and rehabilitating homes and community infrastructure.
Goonj	This multi-award-winning Not for Profit organization headquartered in Delhi uses local resources and traditional wisdom to give dignity to the poor. Goonj has been around for more than two decades, galvanising mass civic participation in issues like rural infrastructure, water scarcity, education and disaster relief.
Magic Bus India	Magic Bus India tries to lift up children and teens from poverty into a life of meaning and joy. The Childhood to Livelihood programme has transformed the lives of more than a million such persons.
World Wildlife Fund for Nature	<p>The World Wide Fund for Nature (WWF) is an international non-governmental organization founded in 1961 that works in the field of wilderness preservation and the reduction of human impact on the environment. The NGO aims to “stop the degradation of the planet’s natural environment and to build a future in which humans live in harmony with nature.”</p> <p>WWF is the world’s largest conservation organization, with over five million supporters worldwide, working in more than 100 countries and supporting around 3,000 conservation and environmental projects.</p>

Name of the NGOs	Object of the NGO
MCKS Food for the Hungry Foundation	<p>MCKS Food for the Hungry Foundation a non-profit Organisation based in New Delhi. They have delivered more than 1,00,00,000 meals to those in need, in partnership with authorities across the country with over 20+ feeding programs over the last 15 years,</p> <p>To support our community in New Delhi during lockdown, they have increased capacity at the MCKS' Kitchen by 6x and delivered 60,000+ nutritious cooked meals.</p>
Zomato Feeding India	<p>The not-for-profit organization started the 'Feed the Daily Wager' project after the announcement of the 21-days lockdown to provide food support to families of daily wage earners across cities, who might have lost out on employment in this time of crisis.</p>
Give India	<p>Give India is a Non-Profit Organisation in India. It is an online donation platform and aims to channel and provide resources to credible non-governmental organisations across India. they are raising funds for two COVID19 programmes at the moment:</p> <ol style="list-style-type: none"> 1. Donation for food parcels for daily wage earners. 2. Hygiene kits for those in high risk areas.
Care India	<p>CARE a global humanitarian organization is working with partners across over ninety countries helping the most marginalised women and girls in the fight on COVID 19. CARE India has a 1400+ team working with Government of Bihar in supporting the government in contact tracing, monitoring, infection control, laboratory and hospital strengthening for fight COVID</p>
Rasoi on Wheels	<p>Rasoi on Wheels is a mobile kitchen service that is providing packed meal boxes which are served to the less privileged section of our society. For the Covid-19 crisis, the foundation is working closely with groups and organizations to provide cooked meals and dry rations to daily wage labourers and to the less privileged in Delhi-NCR.</p>

The provisions of the New Rules appears to be more detailed and structured as it has introduced new requirements like detailed reporting of CSR contribution in Board's Report, impact assessment of CSR contributions and covered the contribution towards vaccines and R &D focusing on the health issues faced by the Indian citizens during Covid-19. Though, the New CSR Rules are very streamlined, comprehensive and have addressed many unsolved issues but there are certain provisions which are still vague and needed some clarity from MCA, however, the New CSR Rules have been welcomed in India by Corporates.

World Vision



Talensi Farmer-Managed Natural Regeneration Project, Ghana

Social Return on Investment Report



Social Return on Investment Report

Talensi Farmer-Managed Natural Regeneration Project in Ghana

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Acronyms and Definitions

Acronyms

AusAID	Australian (Government) Agency for International Development
FMNR	Farmer-managed natural regeneration
GH¢	Ghanaian cedi: the national currency of Ghana (worth US\$0.53 at time of data collection: July 2012. Source: www.xe.com)
SROI	Social return on investment

Definitions

Area Development Program	World Vision's default management structure for long-term community development programs.
Community commons	Outcomes that cannot be assigned to individual households and are therefore enjoyed by all members of the community collectively.
Comparison group	The cohort of households who took part in the household survey but live outside the project area and were not involved in project activities.
Discount rate	In relation to calculating net present value of anticipated income or benefits, the discount rate is an interest rate to account for the time value of money, ie, money available in the future is worth less than money today.
Lead farmer/farmer-managed natural regeneration farmers	A resident of one of the nine project communities who was selected by their chief and community to undergo intensive training by the project and became a member of his or her community's farmer-managed natural regeneration group.
"Neighbour" farmer or household	A farmer or household resident in one of the nine project communities who has not received intensive training by the project and is not a member of a farmer-managed natural regeneration group.
Net present value	This concept assumes a future anticipated benefit is worth less to a stakeholder than the same benefit experienced in the present. The evaluation used a discount rate of 8.9% per annum, which is Ghana's predicted inflation rate for 2012-2017.
Theory of change map	A visual representation of how an intervention's hypothetical or actual sequence of early and intermediate accomplishments lead to long-term outcomes.

Affirmation:

Except as acknowledged by the references to other authors and publications, the evaluation described herein consists of our own work, to describe and advance learning as part of the requirements of World Vision's design, monitoring and evaluation learning system.

Primary quantitative and qualitative data collected throughout the evaluation process remain the property of the communities and families described in this document. Information and data must be used only with the consent of the community. Where contact for permission is not feasible, World Vision Australia or World Vision Ghana may represent their interests as their proxies.

Executive summary

The Talensi Farmer-Managed Natural Regeneration (FMNR) Project has been instrumental in securing the livelihoods of subsistence farming households in the semi-arid north of Ghana. Over recent decades, people in this zone have been experiencing increasingly erratic rainfall, declining forest cover and an associated loss of indigenous biodiversity and soil fertility. The region has also experienced high population growth that has reduced the size of household land.

The Talensi FMNR Project was a three-year collaboration between World Vision Australia and World Vision Ghana aiming to rebuild household resilience among vulnerable communities in Talensi District in the Upper East Region of Ghana. The project focussed on nine communities in Talensi containing a population of approximately 12,000 people in 1,472 households.

To reverse deterioration of soil fertility and the natural resource base, the project focussed on restoring multi-purpose indigenous trees to farmland and community-managed forests. It did this by promoting adoption of FMNR and complementary sustainable agriculture techniques.

To test the utility of promoting FMNR in food security and climate change adaptation projects, this evaluation applied a social return on investment (SROI) approach to identify what project outcomes created the most value in the lives of the project's key stakeholders.

Secondly, the SROI approach applied proxy financial values to these outcomes, enabling the evaluation to interpret the project's value for money. This approach is somewhat different to measuring outcomes against pre-determined target indicators.

By piloting an SROI study, this report also provides opportunity to reflect on the applicability of SROI as an evaluation approach for World Vision projects and the wider international development community in Australia.

Data collection used a mixed methods approach, drawing on the following methods:

- focus group discussions
- key informant interviews
- quantitative household survey
- field surveillance
- revealed preference

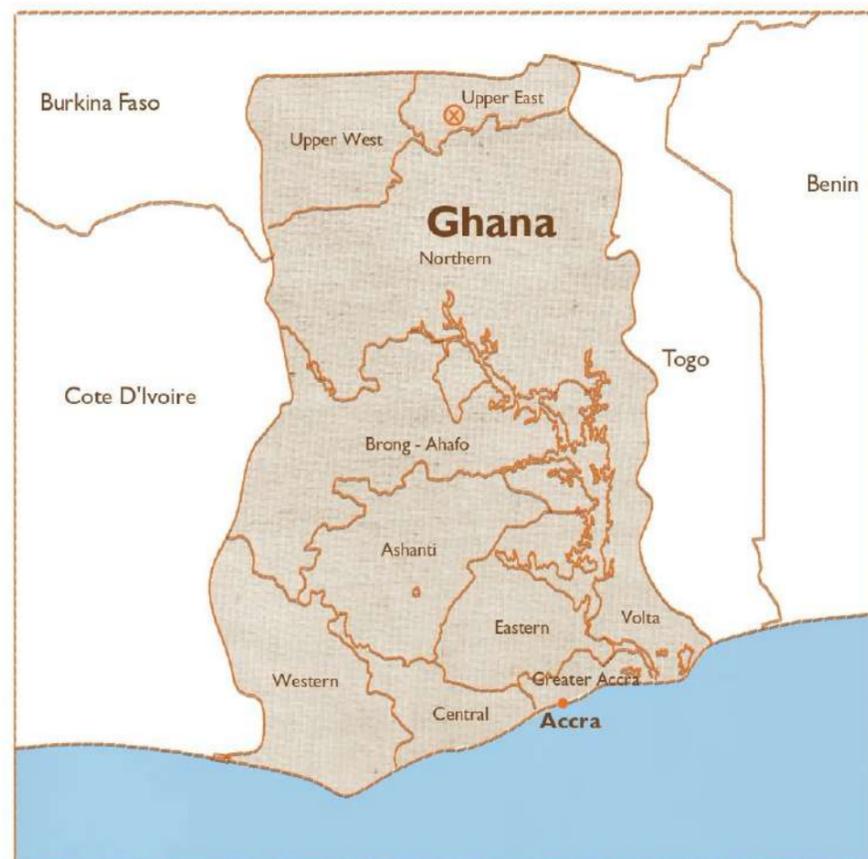
The study calculated that, after accounting for discounting factors, World Vision's investment of funds, staff and technical input generated in the target communities a SROI ratio of 6:1 by year three (end of the project).

The study also calculated that the project will generate

a ratio of 17:1 by year seven (four years after project closure) and 43:1 by year 13 (ten years after project closure).

For World Vision Australia's investment of Ghanaian Cedi (GH¢) 608,928 (US\$323,816), the net present value that will be created by the project between 2009 and 2016 is estimated at GH¢10,304,000 (US\$5,500,000). A sensitivity analysis found that the SROI ratios are robust when individual variables are adjusted.

A summary of outcomes for the nine participating rural communities is represented in Table 1. A more detailed breakdown of outcomes can be found on page 18.



Key achievements by the end of the project:

- 574 households (37 percent of all households) adopted the FMNR approach
- 157 households adopted fuel-efficient stoves (90 were distributed by the project and the remainder were spontaneous adoptions)
- All nine communities established natural resource management regulations
- 94 percent of FMNR adopters reported an increase in soil fertility (against 26 percent among the comparison group),
- 66 percent of FMNR adopters reported improvement in soil erosion (against 17 percent in the comparison group),
- 46 percent observed that the FMNR practices have generated more wild fruits and food (fruits, nuts, rabbits and partridges),

Table 1: High level summary of outcome categories and their aggregated values identified by the study

Stakeholder	Outcome category	Value after three years (end of project) in GH¢	Forecast value after seven years (four years after project) in GH¢	Forecast value after 13 years (10 years after project) in GH¢	Percentage of total value per stakeholder group (after seven years)
Lead farmers' households (n=180 households)	Increased household resources and income	252,000	671,000	1,309,000	72%
	Improved health	48,000	207,000	281,000	15%
	Psychosocial	43,000	123,000	237,000	13%
	Total	366,000	938,000	1,826,000	100%
Neighbouring households (n=1,292 households)	Increased household resources and income	1,353,000	2,464,000	4,852,000	82%
	Improved health	142,000	393,000	703,000	13%
	Psychosocial	65,000	151,000	209,000	5%
	Total	1,499,000	3,010,000	5,764,000	100%
Community commons/ public goods (n=1,472)	Economic	1,607,000	6,603,000	16,216,821	84%
	Psychosocial	217,000	651,000	1,302,000	8%
	(Global) environmental	700,000	640,000	2,009,000	8%
	Total	1,907,000	7,894,000	19,528,000	100%
Raw total of value created (GH¢)		3,772,000	11,842,000	27,119,000	
Net present value		3,831,000 GH¢ =US\$2m	10,304,000 GH¢ =US\$5.5m	26,123,000 GH¢ =US\$13.9	

US\$1 = 2.1GH¢; GH¢1 = US\$0.53

Lead farmers were those who received the most intensive training and support by the project to become the principle trainers and motivators of change in the communities. In general, lead farmer households experienced higher returns from the project than their neighbours. However, due to their lower numbers (180 lead farmer households versus 1,292 neighbouring households) the net value of outcomes for lead farmer households appears lower in the above table.

For both lead farmer households and neighbouring households in the project area, the greatest source of value generated by the project was the increase in asset value in the form of tree stocks and livestock. The next highest value was the increase in consumption and/or sale of "wild" resources such as fruit, timber, thatch, bush meat and traditional medicines.

Improved farm yields and improved nutrition were the next most significant sources of value created by the project. Also of high benefit were the psychosocial impacts of greater social cooperation, leadership development within the community and a more comfortable and aesthetically appealing social and work environment.

Based on the above values created and SROI ratios, the project's FMNR foundation demonstrates good value for money as a community development initiative among subsistence dryland communities. A comparison of Talensi FMNR against 12 other SROI studies of international development, social change or environmental projects indicates that Talensi FMNR is in the top quartile of both short-term and long-term social returns.

I. Introduction

This report shares findings on the value created in participating communities by World Vision's Talensi FMNR Project. The project took place in nine communities in the Talensi District, Upper East Region, in the semi-arid north of Ghana, covering 1,472 households.

By applying SROI analysis, this report calculates the project's value for money by articulating the social, economic and environmental values created by the project, as expressed by members of farming households. The report is a tool to:

1. summarise project impact and the magnitude of individual outcomes;
2. evidence the utility of the FMNR approach and complementary techniques;
3. demonstrate the potential of applying SROI to international community development projects.

This report is an adjunct to the detailed Talensi end-of-project evaluation report. Readers seeking a comprehensive understanding of the project and its evaluation findings should read both reports as a two-volume set.

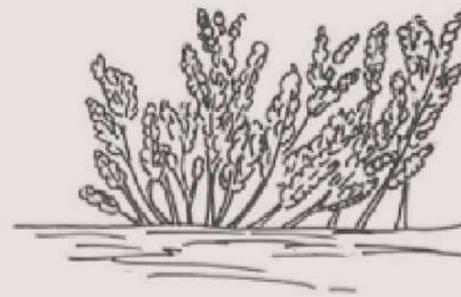
World Vision Australia is trialling SROI as an additional evaluation tool to quantify complex project outcomes into succinct and meaningful messages. SROI was specifically selected as a tool for interpreting value for money because:

- the SROI approach is backed by a well-established professional network;
- the methods, analysis and results can be externally validated;
- SROI creates a compelling story and credible evidence of change;
- SROI compels evaluators and their audience to explicitly value non-economic outcomes that are important to human development but may otherwise be under-valued due to the absence of market value.

Basic steps of FMNR

(adapted from Rinaudo, 2007)

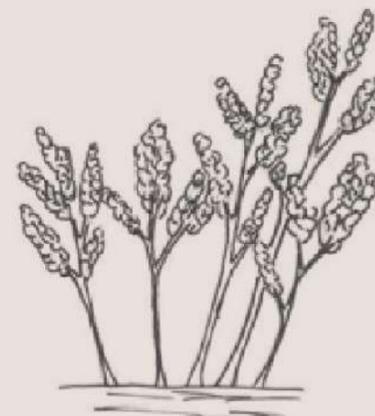
"Farmer-managed natural regeneration involves selecting and pruning stems regenerating from stumps of previously felled, but still living trees. Sustainability is a key feature of the program which requires very little investment by either government or non-government organisations (NGOs) to keep it going."



1. FMNR depends on the existence of living tree stumps in the fields.



2. Healthy, straight stems are selected and pruned for improved growth. The unwanted stems are removed.



3. Much more can be gained by selecting and pruning the best five or so stems. In this way, when a farmer wants wood some mature stems can be harvested and the rest left to continue growing.

Figure 2: Basic steps of FMNR

2. Project background

“FMNR is the systematic regeneration and management of pre-existing stumps and root systems to restore degraded barren land to farmland and forests. The chosen tree stumps or root stocks are managed by periodically harvesting the less viable or undesirable stems and branches. Well-established root systems ensure plant survival and rapid growth, even during the dry season.”

World Vision Australia first promoted the FMNR approach in Ethiopia the early 2000s. Based on its effectiveness, World Vision Australia has now incorporated it into rural livelihood projects across 12 countries.

World Vision Ghana and World Vision Australia implemented the Talensi FMNR Project in the semi-arid north of Ghana over a three-year period, commencing in July 2009. Project activities effectively started in October 2009 and ended on 30 June 2012. The project and this evaluation were financed by a mix of funding from the Australian (Government) Agency for International Development (AusAID) and private donations from Australians.

World Vision Ghana's pre-project assessment and the baseline survey in 2010 found that challenges in the Talensi community included farming methods and natural resource exploitation that caused loss of soil fertility, declining yields and the elimination of tree cover and associated biodiversity/natural resources.

Trees were harvested using methods that destroy the tree to obtain fuel wood, charcoal and construction poles. Dry season bushfires and field burning were preventing natural and assisted restoration and recovery of tree growth, grass and animal habitat. These destructive fires discouraged the planting of productive trees, as did a traditional belief that to grow a tree was tantamount to defying nature and would result in death. This belief was successfully overturned during the course of the project.

To reverse deteriorating soil fertility and natural resources, the project promoted community mobilisation around FMNR to restore multi-purpose trees to rural landscapes.

FMNR was applied in two forms:

- trees were regrown on farmers' crop and pastoral fields;
- tree regrowth was protected and pruned in community-managed FMNR forests, where trees densities were much higher than in crop fields.

The project also promoted complementary sustainable agriculture and income-generating techniques such as

anti-erosion techniques; bulk composting; field mulching; suppression of bushfires and field burning; livestock management; fuel-efficient wood stoves; group income-generating activities, such as starting honey beehives and using ox plough traction; and the formation of savings groups.

In each of the nine communities, chiefs and community assemblies selected 10 men and 10 women to form their community's FMNR group. The groups were intensively trained in FMNR practices, such as integrating trees with annual crops, shrub pruning and sustainable firewood collection.

An important aspect of the project approach was its consistent and frequent support for the roles of the lead farmers and village chiefs in mobilising their community members, assisting them to strengthen community structures and building consensus around the management of natural resources and bushfire suppression.

Project Summary

Location: Talensi District, Upper East Region, Ghana, West Africa.

Project goal: To improve the livelihoods of the people of the Talensi Area Development Program communities.

Project outcome: Farmers adopt sound natural resource management practices.

Outputs:

1. Farmers' knowledge of FMNR increased
2. Community structures strengthened for natural resource management

Project expenditure US\$323,816 (GHS608,928).

Funders: AusAID and private donations from the people of Australia, via World Vision Australia.

Value of in-kind contribution from community: Approximately GHS170,880 or US\$90,871 (see Section 6: Project inputs for calculation).

Direct participants: 180 lead farmers were intensively engaged (90 women, 90 men) and an additional 940 farmers attended some form of training.

Total beneficiaries: The nine communities of the project area consist of 1,472 households, containing approximately 12,000 inhabitants.



Image 1: Community-managed FMNR Site in Yameriga: at baseline and end-of-project

Summary of project achievements

The end-of-project evaluation found that, as a result of the project, the communities had restored 161 hectares of new community-managed forest using FMNR. These forests are now nurtured by the community FMNR groups and protected by community by-laws to regulate the harvesting of surplus wood, grasses and other resources.

The managed forests now contain around 568,580 trees. Of these, around 377,000 can be counted as additional due to the project, with an average density of 2,343 trees per hectare (compared to a baseline of around 10 trees per hectare).

After FMNR was established in community-managed forest sites, it was then promoted for adoption in farmer fields to integrate tree production with crop and live-stock production. By the end of the project, 37 percent of all households (547 households) had adopted FMNR into their fields, covering 336 hectares, with an average density of around 57 trees per hectare. This equates to an additional 19,000 trees on crop lands.

Focus groups consistently estimated that, before the project, even the trees that still remained in the area would have disappeared within five or six years.

Therefore, the mature trees in the landscape can also be considered avoided deforestation.

Annual site surveys and community accounts indicate that the increase in natural tree coverage increased overall vegetative and animal biodiversity, which increased access to resources and improved incomes and liveability.

Aside from natural tree regeneration, the project also inspired the planting of over 40,000 productive tree seedlings. Once the analysis factors in the “deadweight” (what would probably have been planted without the project) and seedling survival rates, it is estimated that 23,000 additional live fruit trees are now growing in the project area as a direct result of the project.

The suppression of bushfires and field burning further enhanced the natural regeneration that took place. The project facilitated the formation of community volunteer fire brigades, who have been active in mobilising their communities to quash bushfires threatening their lands.

In the project area, 42 percent of all FMNR lead farmers and 10 percent of neighbour households have learned and adopted the improved bulk compost method. Testament to the method's effectiveness in improving soil fertility and coverage is that 94 to 95 percent of all those who learned the technique went on to apply it to their farmlands.

These behavioural and land management changes have contributed to the impacts calculated with SROI and are reported in the following sections.

Key outputs achieved by the end of the project:

FMNR adoption:

- 180 lead farmers (90 women and 90 men) trained in and adopted FMNR and related natural resource management techniques, and trained others in community
- 574 households (37 percent of all households) adopted the FMNR approach
- 157 households (11 percent of all households) adopted fuel-efficient stoves (90 were distributed by the project and the remainder were spontaneous adoptions/purchases)
- All nine communities established and enforced new regulations for landscape management and tree cutting

Landscape regeneration:

- 161 hectares under new forest cover with average tree densities of 2,343 per hectare (from a baseline of five per hectare)
- 336 hectares of farmland under FMNR management with average tree densities of 57 per hectare (from a baseline of five per hectare)
- 19,000 additional indigenous FMNR trees on farmland by July 2012
- 377,000 additional indigenous FMNR trees in forest areas by July 2012
- 94 percent of FMNR adopters reported an increase in soil fertility (against 26 percent among the comparison group), with 75 percent of adopters reporting high increases (against only six percent among the comparison group)
- 66 percent of FMNR adopters reported an improvement in soil erosion (against 17 percent in the comparison group), with 47 percent of adopters reporting “a lot” of improvement (against eight percent of the comparison group)
- 46 percent of all respondents observed that the FMNR practices have generated more wild fruits and food (fruits, nuts, rabbits and partridges), while only 4.5 percent believed the wild food would increase without FMNR

3. Methodology

Social Return On Investment

SROI is an innovative approach used to measure and account for value created by an intervention or a policy. “It places a monetary value on the social impact (the benefit) of an activity, and compares this with the cost incurred in creating that benefit. While this is a feature of any cost-benefit analysis, SROI is specifically tailored to the analysis of social purpose activities.”

The SROI approach is founded on social accounting and cost-benefit analysis. It expresses material project outcomes as equivalent monetary values so that they can be compared with the cost of inputs (in-cash and in-kind).

An SROI analysis generates a benefit to cost ratio for organisations to communicate the value-add of their projects to external stakeholders.

A SROI ratio of 1:1 means that for every dollar (or Ghanaian cedi) invested in a project, one dollar of benefit has been created for the project’s stakeholders. A ratio of 2:1 means that two dollars of value was created for every dollar invested.

Beyond this ratio, the SROI analysis constructs a story of qualitative and quantitative change among a project’s main stakeholders.

The study followed the following SROI steps.

- A. Establish scope and identify stakeholders
- B. Map outcomes
- C. Evidence the outcomes and give them a value
- D. Establish impact
- E. Calculate the SROI
- F. Reporting, using and embedding



Image 2: Tongo-Beo village: Lead FMNR group women in front of several copses after two years of FMNR regrowth.

A. Establish scope and identify stakeholders

Prior to data collection, the lead evaluator studied the project objectives to determine which stakeholders were the principal beneficiaries. The primary stakeholders were defined as farming households in the nine participating communities.

These farming households were further divided into three sub-groups: 180 lead (FMNR) farmer households, the remaining 1,292 households in the targeted villages (neighbouring farmers' households) and the whole community as an indivisible collective.

Lead (FMNR) farmer households were primary project partners and benefitted, therefore, from intensive training, organisational formation and farm production support. They also gained the most direct benefit from the surplus resources generated from the FMNR forest sites they managed. The project trained lead FMNR farmers to act as key transformational development agents to influence neighbouring farmers' knowledge, attitudes and practices.

Neighbouring farmer households in the project area mainly benefitted from learning or imitating many of the practices introduced by the project. Several also received direct training, but none received any material equipping from the project.

“Community commons” was created as a third category for public goods that could not readily be assigned to individual households. These goods relate to the improved comfort and aesthetic quality of the villages and landscape, climate change mitigation benefits and collectively owned natural assets.

A comparison (control) group was also surveyed. Data collected from this cohort represented the counterfactual or “deadweight” for the SROI calculations. This cohort was a random sample of households in communities within the Talensi District, but outside the project area and not participating in project activities. These communities were in the same geo-climatic and local economic zone as project communities, had the same ethnicity and benefitted from other World Vision Area Development Program activities.

The Talensi FMNR Project implementation involved a number of supporting stakeholders at different levels who received benefits that were not calculated as part of the SROI. They were construed as supportive rather than target beneficiaries, and most were contracted by the project. Therefore, their involvement is reflected in the value of inputs, rather than outcomes. The following stakeholders provided support.

- AusAID provided majority funding for the project.
- The Ministry of Food and Agriculture provided advice, coordination and monitoring support.
- The National Disaster Management Organisation educated communities in FMNR and contributed an assistant evaluator and translator to the evaluation.
- The Information Services Department mobilised communities for meetings and education.
- Ghana's National Fire Service provided technical supervision of fire drills and training of volunteer fire brigades.
- The Community Development and Advocacy Centre organised training programs for FMNR communities.
- World Vision Ghana and the Talensi Area Development Program oversaw and facilitated over all implementation of project activities.
- World Vision Australia provided technical and funding support.

B. Map outcomes

Prior to data collection, the objectives expressed in the project design were re-ordered into a theory of change map that was used to guide the formation of data collection tools. After data collection, the map was revised and refined to reflect the experience of the project stakeholders, rather than the project objectives.

C. Evidence the outcomes and give them a value

Data collection took place using the following qualitative and quantitative methods.

Focus group discussions formed the core method to identify important project outcomes and generate proxy financial values for the benefits. This was achieved by facilitating discussion about the value of benefits described in comparison to other economic goods and services available in the local economy, such as labour costs or goods that might generate a similar benefit to the household. Values provided were based on participants' experiences of changes and their predictions about continuing and future impacts. Focus discussion groups comprised:

- five female focus groups (55 women)
- five male focus groups (59 men)
- two mixed gender focus groups (10 girls and 10 boys)

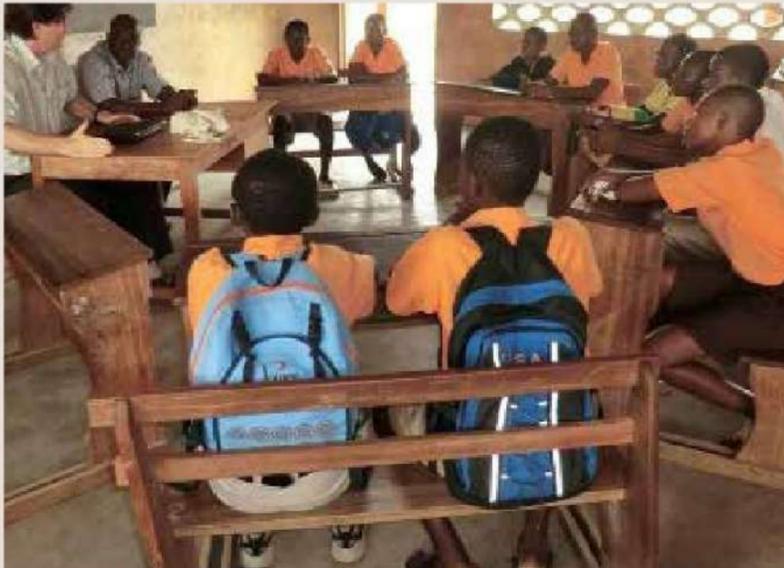


Image 3: Focus groups in Yindure (top), Wakii (centre) and Tongo-Beo (bottom)

Key informant interviews were held with people in key positions in the community to gain deeper understanding of changes, stakeholder participation and different perspectives they may have.

The evaluation team interviewed:

- two officers of the Ministry of Food and Agriculture
- one community chief and Tindana (traditional land custodian)
- one secretary of an FMNR group
- one FMNR group treasurer
- the chief researcher from the National Forestry Research Institute
- key World Vision Ghana personnel

A quantitative household survey sampled 400 households. They comprised:

- 104 lead farmer households
- 154 neighbour households in the target villages
- 142 non-target community households (comparison households)

Lead farmers were selected because of their direct participation in the project. Neighbouring farmers and comparison group farmers were selected using transects originating from the approximate centre of the community. Each enumerator was assigned a different compass bearing and, radiating outwards, sampled each home they encountered in that line until their quota was filled.

The survey included several open-ended questions that could record a diverse range of potential responses. Although this made analysis more difficult and time-consuming, it effectively captured stakeholders' perceptions of important factors, rather than simply testing the project logic and attainment of targets.

The survey was instrumental in quantifying the percentage of each stakeholder group that perceived outcomes identified in the qualitative data. It also highlighted some outcomes that were extensively valued across the community, but not raised or explored in the qualitative interviews.

An annual tree surveillance of community-managed FMNR forests was conducted each year for three years by the Ghanaian National Forest Research Institute. The survey measured tree densities, tree heights and girth and species/biodiversity counts in four FMNR reforestation sites.

To calculate tree densities in farmer fields (as opposed to FMNR community forest sites), the household survey asked each of the 400 households' respondents to report the area of fields managed by that household and the number of trees regrown.

The baseline evaluation recorded a lot of data on tree types in target communities but did not report on tree densities. Baseline photography taken at sites selected for community-managed forests was therefore used to estimate baseline densities.

Revealed preference techniques were used for instances when proxy financial indicators for some important outcomes were not obtained from community stakeholders. Usually this was due to the time limitation of each focus group, or because the evaluator had not appreciated the extent of the impact until after the data collection period.

Estimated valuations were based on prices of related market-traded goods that generate a similar benefit to that described by the stakeholders. With no opportunity to interview community stakeholders again, the best available matches were sought to fit the context of Talensi communities and reported as selected proxies in the impact calculations.

D. Establish impact

Once each material outcome was identified and mapped in the revised theory of change, the value of each outcome was mapped for each stakeholder group to generate SROI impact calculation maps.

Discounting factors

To avoid the risk of over-claiming, discounting factors were added to the calculations of each impact to reduce or constrain the values of individual social returns.

For example, a deadweight of two percent was deducted from the value of increased household access to wild resources (for construction or food), based on testimonies of access by the comparison (non-project) sample. The value was also reduced by a rounded 10 percent for attribution, because one of the nine communities had already started protecting some land for regeneration.

The relevance and magnitude of each discounting factor was judged separately for each outcome, rather than using blanket percentages.

The discounting factors applied to each impact are as follows.

Deadweight: What probably would have happened anyway, if the project did not take place? In most cases, deadweight values were drawn from data gathered from the comparison group. Deadweights ranged from 0-10 percent. For example, the evaluation survey found that 6.8 percent of the comparison group reported increased availability/access to natural construction materials such as timber poles and roofing

thatch, compared to 23 percent for the households in the project area. Thus, 6.8 percentage points of the benefit were “written off” as deadweight.

Displacement: Were any negative outcomes transferred outside the project area? While no informants said that trees were being cut in the nearby forest instead of the local community, the children’s focus group discussions suggested that some women were still spending a lot of time collecting firewood, implying that they were leaving the village environment. Thus a speculative 50 percent displacement effect was added to the “avoided deforestation” outcome.

Attribution: Who else was responsible for the changes taking place? Based on responses from focus group discussions and key informant interviews, overall attribution rates range from 0-20 percent. The project served as a catalyst for new practices and protocols that did not exist before the project.

One of the participating communities already had a forest reserve area. While the project extended this community’s forest reserves and on-farm agroforestry, clearly the community already possessed leadership in natural conservation. Therefore, several outcomes were allocated a rounded 10 percent attribution.

Drop-off: What is the future annual risk of participants abandoning the practices or losing their benefits? Drop-off discounts were 0, 10 or 20 percent. On the whole, values were low, due in part to the high value of the benefits described by participants, the institutionalisation of changed practices and the short period of forecasting returns four years post project.

Reviewing similar FMNR agroforestry initiatives actually revealed that a “negative drop-off” is more likely (effectively meaning a continual increase of tree cover over time). That is, more and more households and farms are likely to copy the practices and experience the benefits over time. To represent this, the drop-off rate for “tree numbers” was set to zero, and an additional 16.2 percent was added to each farmer stakeholder category per year for six years after project closure. This figure was based on the estimated annual rate of increase over 20 years from FMNR’s introduction in Niger .

Duration: How long are the outcomes likely to last? Past FMNR projects by World Vision and academic literature about FMNR were reviewed to find precedents for likely durations. Outcomes from similar FMNR projects in Ethiopia and Niger suggest that, once farmers and communities adopt FMNR and many other profitable natural resource management practices, they do not abandon them.

However, to remain conservative, this study's "base case" factored in continuation of outcomes for only four years after the project ended. Nevertheless, a 10-year post-project scenario is also presented.

Furthermore, although the project ran for three years, SROI analysis counted benefits accruing in years two and three of project implementation only. This reflects the assumption that little benefit would have been experienced in the first year.

Discount rate: Discounting the value of future returns. This "recognises that people generally prefer to receive money today rather than tomorrow because there is a risk or because there is an opportunity cost" associated with deferred returns. Forecasted values were discounted at a rate of 8.9 percent per annum, which is Ghana's predicted inflation rate for 2012-2017. Given the week-to-week and year-to-year subsistence needs of households in northern Ghana, this high rate is a fair reflection of farmers' need to prioritise short-term results over long-term benefits.

E. Calculate the SROI

After all material impacts had been mapped, the values were aggregated into a single total value and divided by the total cost of project inputs to arrive at a SROI ratio.

This project is a community development project, expected to have benefits that continue beyond the project lifetime. Social returns were calculated for three time periods:

1. value created by the project immediately after the closure of project activities (year three);
2. value forecast four years after the project (year seven), assuming no additional inputs (considered for this report as the "base case");
3. value forecast 10 years after the project (year 13).

4. Project investment

The total value of investment into the Talensi-FMNR project from 1 July 2009 to 30 September 2012 was GH¢779,808 (US\$414,686).

This is broken down in the table below.

Value of in-kind contribution from community:

Approximately GH¢170,880 (US\$90,871). Each lead farmer contributed an average of 78 volunteer days per year – some for two years, some for three years – and 315 community members contributed time as fire brigade volunteers. This time was valued in terms of the district's average adult labourers' daily wage of GH¢4.

Land use opportunity cost was assumed to be zero, as any alternative land use opportunity was already subtracted by using neighbouring non-project communities as the counter-factual "deadweight".

5. Theory of change

In effect, the SROI theory of change attempts to explain change as perceived by the target community of the project, rather than present the hypothesis behind the project design.

The evaluation data was carefully studied to identify the changes and their interrelations for each stakeholder group. The outcomes selected for calculation represent outcomes that are often the culmination of earlier contributing outcomes. Lead FMNR farmers and neighbouring households gained similar types of benefits, though often experienced in different magnitudes.

A descriptive theory of change is represented on the following page.

Table 2: Project inputs (costs)

Contribution	Expenditure: GH¢	Conversion: US\$ (GH¢1 = US\$0.53)
Funds from AusAID and private donations from the Australian public	576,163	306,392
- For project implementation	32,765	17,424
- For World Vision Australia technical and monitoring support		
In-kind commitment of time by the volunteer FMNR lead farmers and volunteer fire brigades in the project communities	170,880	90,871
Total	779,808	414,686

Table 3: Table representation of the Talensi project's theory of change

Stakeholders	Key interventions (of project)	Community-reported outcomes - impacts
Lead farmers' households	<ul style="list-style-type: none"> - Facilitated lead farmer group selection and organisation- - Trained lead farmers in FMNR, composting and bushfire management - Facilitated community agreements-Introduced FMNR practice on forest sites and farmland - Introduced compost fertiliser practice - Livestock assets and management skills - Saving and traction service (lead farmers only) - Provided fuel-efficient stoves - Bushfire management and volunteer brigades - Staged demonstrations and mobilised participation 	<p>I. Increased income and consumables:</p> <ul style="list-style-type: none"> - Increased wild resources to sell for cash - Improved access to wild resources for construction and household use - Improved access to wild foods led to savings and purchase substitution - Increased locally available forage and shade led to improved livestock asset value and increased live stock numbers - Increased soil fertility and yield - Access to bullocks led to reduced expenditure on traction services - Shift in culture towards (group) savings may lead to better resilience - Adopted fuel-efficient stoves led to increased time savings - More conducive context for establishing new fruit tree plantations - Increased household assets in the form of increased FMNR tree stocks on farmland <p>2. Improved health condition:</p> <ul style="list-style-type: none"> - Improved respiratory health due to fuel-efficient stoves - Reduced accidental burns due to fuel-efficient stoves - Improved household health due to improved (additional) foods <p>3. Psychosocial benefits:</p> <ul style="list-style-type: none"> - Increased optimism towards the future - Enhanced status and public participation by lead farmers, especially women - Increased unity and collaboration between community members
Neighbouring households	<ul style="list-style-type: none"> - Provided opportunity to learn and adopt FMNR and other natural resource management practices from lead farmer groups and World Vision - Provided opportunity to join fire brigades 	<p>3. Psychosocial benefits:</p> <ul style="list-style-type: none"> - Increased optimism towards the future - Enhanced status and public participation by lead farmers, especially women - Increased unity and collaboration between community members
Community commons	<ul style="list-style-type: none"> - Conducted orientation and negotiation with chiefs - Conducted community consultation - Facilitated of community consensus on new by-laws 	<p>I. Psychosocial benefits</p> <ul style="list-style-type: none"> - Change in attitude toward natural regeneration and productive tree-planting due to successful experimentation and elimination of annual fires - Shadier, more comfortable micro-climate, reduced heat stress and more aestheticallyappealing environment <p>2. Environmental benefits</p> <ul style="list-style-type: none"> - Atmospheric carbon sequestered through re forestation has global atmospheric benefit - Reduced carbon emissions through fuel-efficient stoves has global atmospheric benefit (added by evaluator, not community) - Increased community assets in the form of in creased tree stocks in FMNR forest sites

6. Impacts and value creation

Social return on investment: the base case – forecast net present value by year seven (four years after project)

A total investment of GH¢608,928 (US\$323,816) over three years by World Vision, plus GH¢170,880 (US\$90,871) worth of volunteer time by lead farmers, is forecast to create GH¢10,304,000 (US\$5,500,000) of net present value between 2010 and 2016. That is, every GH¢1 invested by World Vision into the Talensi FMNR Project is forecast to generate GH¢17 in social, environmental and economic return over the latter two years of the project plus the four years following the project.

Thus, the SROI analysis revealed a ratio of 17:1, based on the investment by World Vision. If the analysis factors into costs the value of time invested by lead farmers and fire volunteers, the ratio becomes 13:1.

Social return on investment by the end of the project

The social return on investment already accrued by the end of the project (excluding future benefits) was a ratio of 6:1. If the analysis factors into costs the value of time invested by lead farmers and fire volunteers, the ratio becomes 5:1.

Social return on investment: forecast net present value by year 13 (10 years after project)

FMNR and other sustainable agriculture techniques are promoted as having a long-term beneficial effect on managed landscapes. Therefore, the impacts of the project along with their discounting factors were re-calculated to a duration of 10 years after project closure. At year 13, the net present value forecasted by World Vision's investment is GH¢26,123,000 (US\$13,891,000), resulting in a SROI ratio of 43:1. If the analysis factors into costs the value of time invested by lead farmers and fire volunteers, the ratio becomes 34:1.

7. Summary of value creation indicators

The following table lists the material outcomes stated by each community stakeholder group. Each is the end outcome of a string of cascading outcomes. Many were interrelated but still need to be valued as discrete outcomes.

In lead, neighbour and community commons stakeholder groups, the greatest change generated was an increase in the value of assets in the form of trees and livestock.

The next highest value was generated by an increase in access to and/or sale of consumable "wild" resources such as fruit, timber, thatch, bush meat and traditional medicines.

After these, improved farm yields and improved nutrition were the next most significant sources of value created by the project.

The findings highlight that although FMNR is often introduced on the grounds of improving arable soils and crop production, these gains were secondary to the value of natural assets and availability of consumables enhanced by FMNR.



Image 4: Yameriga village: Firewood is bundled next to one-year-old regrowth in FMNR forest



Image 5: Shia village: Shea nuts harvested for processing into butter



Image 6: Wakii village: Goats benefit from perennial grass supply due to FMNR sites and elimination of burning



Image 7: Yameriga village: Guinea fowl roost within FMNR sites

Table 4: Values

Stakeholder	Outcomes or benefits	Individual outcomes	Year three: end-of-project value in GH¢	Year seven: four years after project close (before discounting for net present value)	Percentage of total value per stakeholder group
Lead farmers' households (n=180 households)	Increased household resources and income	: wild resources for cash, utilisation, and purchase substitution	60,000	179,000	19%
		: improved livestock and economic tree assets:	151,000	354,000	38%
		: increased soil fertility and crop yield	15,000	75,000	8%
		: savings on traction expenditure, small loans and fuel-efficient stoves	26,000	63,000	7%
Improved health	: improved respiratory health due to fuel-efficient stoves	5,000	14,000	1.5%	
	: reduced accidental burns due to fuel-efficient stoves	200	500	0.1%	
	: improved health due to improved food accessibility	43,000	193,000	14%	
Psychosocial	: increased optimism towards future	4,000	8,000	1%	
	: enhanced leadership roles (especially for women) and community solidarity	39,000	115,000	12%	
Total			366,000	938,000	100%
Neighbouring households (n=1292)	Increased household resources and income	: wild resources for cash, utilisation, and purchase substitution	271,000	494,000	16%
		: improved livestock and economic tree assets	1,016,000	1,613,000	54%
		: increased soil fertility and crop yield	31,000	260,000	9%
		: savings on traction expenditure and fuel-efficient stoves	35,000	97,000	4%
Improved health	: improved respiratory health due to fuel-efficient stoves	71,000	181,000	6%	
	: reduced accidental burns due to fuel-efficient stoves	1,000	2,000	0.1%	
	: improved health due to improved food accessibility	70,000	210,000	7%	
Psychological	: increased optimism towards future	18,000	46,000	1.5%	
	: enhanced leadership roles and community unity	47,000	105,000	4%	
Total			1,499,000	3,010,000	100%
Community commons (n=1472)	Economic	: tree stock assets for community	1,607,000	6,603,000	84%
	Psychological	: change in attitudes toward environmental protection	58,000	174,000	2%
		: more beautiful and comfortable existence	159,000	477,000	6%
(Global) environmental	: reduction in carbon dioxide through fuel-efficient stoves	8,000	21,000	0.2%	
	: carbon dioxide sequestration through reforestation	75,000	619,000	8%	
Total			1,907,000	7,894,000	100%
Grand total of value created (2012 GH¢)				11,842,000	
			3,772,000 (US\$ 2m)	=10,304,000 (US\$ 5.5m) net present value	
World Vision investment (GH¢)			609,000 (US\$ 323,816)	609,000 (US\$ 323,816)	
SROI ratio			6:1	17:1	

GH¢1 = US\$0.53 at time of evaluation

Net present value of forecast value creation used the inflation rate of 8.9 percent as the discount rate. Forecasts considered the benefits of future years plus end-of-project value.

8. Sensitivity analysis

Despite rigorous data collection, analysis and calculation, the SROI ratio is still an estimate of true value to the participant community and is thus prone to error. The sensitivity analysis explored how robust the SROI ratio is by adjusting variables in the calculation to establish how much change would reduce the ratio of return to 1:1. “In general the greater the change that you need to make in order for the SROI to become £1 for every £1 invested, the more likely it is that the result is not sensitive.”

The sensitivity analysis plays a similar role in SROI as identifying a range of uncertainty in economic measures.

Assumptions that were tested and reported in this sensitivity analysis relate to:

1. duration
2. discounting factors of deadweight, attribution and drop-off
3. the value of timber in the local market
4. the value of carbon sequestration
5. the exclusion of certain outcomes

Duration effect

The minimum duration calculated was the end-of-project social return. As stated above, the “immediate” social return on World Vision’s investment was 6:1. So even if all forecasting assumptions are false, the minimum possible SROI is 6:1, or 5:1 if the analysis includes the value of community members’ in-kind contribution of volunteer time.

The other end of the continuum is the 13-year scenario (which FMNR advocates would argue is really a mid-point scenario). 10 years after the end of the project, the aggregate SROI forecast becomes 43:1, ie, for the US\$323,816 invested through World Vision, the social return accumulated by year 13 will be US\$13,892,000 in net present value.

Table 5: Summary of the project’s SROI ratio under different duration scenarios

Duration of benefit	SROI ratio
Outcomes at the end at year three (end of the project)	6:1
Outcomes by year seven (four years after the project ends)	17:1
Outcomes by year 13 (10 years after the project ends)	43:1

Sensitivity of discounting factors

Deadweight or displacement or attribution, across the board, would have to be increased to around 85 percent for the end-of-project SROI ratio to drop to a 1:1 return. This clearly indicates that the social return is robust.

The most sensitive variables over the long-term scenario are the drop-off rate and the value of young tree timber (in the form of construction poles for rafters). Yet, even using very prejudicial values, long-term social returns remain robust. The following table demonstrates that if benefits drop off at an annual rate of 20 percent per year, the SROI by year 13 drops from 43:1 to 21:1. If the value of each regrown tree is assumed to be US\$1 instead of US\$2.1, the SROI by year 13 becomes 30:1.

Sensitivity of selection of outcomes

Removing certain social returns has different impacts on the SROI ratio.

Some may question the inclusion of the climate change mitigation benefit, which results from regrowing trees and reducing carbon emissions through the use of fuel-efficient stoves. The evaluators recognise that some may consider the benefit to the project’s target community too indirect, or that double-counting has taken place by recording the latent value of the trees as assets as well as the climate change mitigation benefit of carbon sequestered by the same trees.

Regarding the former question, project participants referred to the positive feeling or value of their trees

Table 6: Effect on the SROI ratio of adjusting various discounting factors and unit values

Adjusted variable	Adjusted scenario at year three (end of project)	Adjusted scenario at year seven	Adjusted scenario at year 13
Default scenario	6:1	17:1	43:1
Increase all deadweight values from between 2% and 10% to:			
20%	5:1	14:1	35:1
50%	3.3:1	9:1	22:1
80%	1.3:1	3.5:1	9:1
Increase all attribution values from between 0% and 20% to:			
20% across the board	5:1	14:1	36:1
50%	3.4:1	9:1	22:1
80%	1.3:1	3.6:1	9:1
Increase all drop-off values from between 0% and 20% to:			
10%	6:1	15:1	29:1
20%	6:1	13:1	21:1
30%	6:1	12:1	16:1
Reduce the unit value of carbon per ton from US\$12 to US\$4	6:1	16:1	42:1
Adjust the unit value of young trees from US\$2.1 to:			
US\$1	5:1	12:1	30:1
US\$6	11:1	34:1	92:1

creating a healthier atmosphere. Moreover, an objective reduction of atmospheric carbon is also a legitimate “commons” benefit.

Regarding the latter question, the presence of the managed trees produces two distinct benefits: the physical sequestration of atmospheric carbon and the assurance or security for householders that they can monetise the asset in times of need, which can be regrown afterwards.

However, for those who remain critical of this approach, removing the proxy value of the captured carbon and emission reductions lowers the base case SROI to 16:1 and the immediate (end-of-project) SROI remains unchanged at 6:1.

The single most valuable project outcome was the latent value of timber stored in trees on household farms and communal reforestation plots. If needed, land users could “monetise” the value of these trees by cutting and selling the timber, which thus represents an insurance buffer or quasi savings account. The value of each tree was conservatively estimated at GH¢4 per tree (US\$2.1) in line with the local market for rafters for hut construction.

Removing the market value of timber stocks in the FMNR regrowth from the SROI calculation has the most

dramatic effect on the overall social return. Counting only the value of atmospheric carbon sequestration (while still recognising the contribution of trees to soil improvement, non-timber tree products, animal habitat and so on) changes the base case SROI to a ratio of 7:1.

In reality, in most FMNR regimes, farmers harvest and monetise some trees each year, while still increasing the overall stock by regenerating replacement and additional stumps into trees. The value of this is already accounted for under the category of “improved access to wild resources for construction and household use”.

If, in the extreme, SROI calculation combines the removal of atmospheric carbon reduction and the value of the tree stocks, the base case ratio becomes 6:1 and the immediate (end-of-project) return becomes 3:1. Even with these large omissions, the immediate and forecast SROI ratios are still positive.

In conclusion, regardless of the extent to which the discounting factors or value propositions of major components are reinterpreted, the SROI of this project remains robust. Furthermore, the ultimate long-term legacy of the project has greater potential value than the “base case” SROI of 17:1.

Table 7: Effect on the SROI ratio of removing atmospheric carbon and/or timber values from the value of outcomes

Outcome adjustment	Adjusted ratio
Base scenario (year seven)	17:1
Sensitivity 1 Exclusion of the value of climate change mitigation benefits	16:1
Sensitivity 2 Exclusion of the value of timber stored in the additional trees on farms and managed forests	7:1
Sensitivity 1 + 2 Exclusion of the value of climate change mitigation benefits and timber stored in trees	6:1

9. Comparing the project's SROI with other projects in the development sector

Using SROI as the single filter for making decisions on project funding is insufficient. To do so ignores variable dynamics such as the “start-up cost” of innovating and developing promising practices, which are similar to the up-front costs of research and development in product development. Favouring projects that achieve higher SROI ratios also ignores the likelihood of higher costs associated with working in the most marginalised locations and communities. Vulnerable communities in these contexts are precisely the populations humanitarian agencies are mandated to assist.

Furthermore, according to Social Ventures Australia Consulting, “the application of the SROI principles requires judgements to be made in areas where there are few definitive answers or standards to use”. The treatment of valuing and discounting and spirit of conservatism in calculations means that some practitioners will under-claim more than others. The SROI ratio is just one aspect of the community's and the project's story of change.



Image 8: Wakii FMR Group members selecting and pruning regrowth at the project initiation

Table 8: Comparison of the project's SROI against related SROI study results

Talensi FMNR

Location and project	Analytical approach	Immediate return	Long-term forecast
Northern Ghana: FMNR	SROI	6:1	17:1 (by year seven) 43:1 (by year 13)

International Development

Location and project	Analytical approach	Immediate return	Long-term forecast
India: HIV/AIDS care ¹⁵	SROI	6:1	N/A
Kenya: Agroforestry ¹⁶	SROI	N/A	26:1 (over 20 years)
Kenya: Sustainable agriculture ¹⁷	SROI	Inconclusive	Inconclusive
Senegal: Sustainable agriculture ¹⁸	SROI	N/A	47:1 (over 15 years)

Social Change

Location and project	Analytical approach	Immediate return	Long-term forecast
Sydney, Australia: Farmer-to-consumer connections ¹⁹	SROI	N/A	8:1 (five year duration)
Brisbane, Australia: Farmer-to-consumer connections ²⁰	SROI	N/A	17:1 (five year duration)
North Ayrshire, Scotland: Community Arts ²¹	SROI	8:1	N/A
Italy: Social return on education expenditure ²²	Expenditure versus average wages	N/A	4:1 (42 year duration)
England: Vulnerable family intervention ²³	SROI	4:1	N/A

Environmental Investment

Location and project	Analytical approach	Immediate return	Long-term forecast
Finland: No till versus conventional tillage ²⁴	Comparative study	Inconclusive	Inconclusive
Germany: Improving building energy efficiency ²⁵	SROI/stein model of public revenue	Positive	N/A
Canada: Investing in green roofs ²⁶	Social cost-benefit	Positive	Positive

The comparison table shows that, in general, projects are reported as either short-term-focussed projects with immediate (end-of-project) return on investment or perceived as long-term community development reported only as long-term forecasts (10 or more years from project intervention). Rather than reporting a final ratio, some projects instead present narrative descriptions or disaggregated results for different project outcomes.

The Talensi FMNR Project's ratio sits comfortably alongside the reported returns of both short-term and long-term projects. The immediate and forecasted returns are among the higher returns of international development projects and much higher than those generated by projects in industrialised countries.

10. Considerations and limitations

In understanding and interpreting this project's SROI analysis and ratio, a number of important factors must be considered.

- The Talensi FMNR Project was a pilot intervention in a location where many of the promoted agricultural and forestry techniques were contrary to previous practices. Yet, World Vision had been conducting an Area Development Program in these communities for some years. The communities' lengthy experience of World Vision enabled change to take place relatively rapidly. Project investment may need to be higher or take longer in newly targeted locations.
- Some important project impacts were mentioned by stakeholders but not included in the SROI calculation. This was due to lack of data or no identifiable proxy value. These positive impacts include:
 - the reduction in time required by boys to herd cattle, which gave them more freedom to attend classes or engage in recreational activities;
 - the reduction in time required by women to collect firewood, which gave them more opportunity to participate in educational activities and attend to their families' health;
 - the protective effect of trees in reducing damaging wind speeds and storm impacts;
 - the protective effect of trees in fields attracting predator species that prey on crop pests (including insect-eating birds, lizards, toads and frogs, spiders and praying mantises).
- A negative impact that was not incorporated into "project costs" was increased fear of snake bites while pruning shrubs into FMNR trees. This concern was raised by nine percent of lead FMNR farmers, but did not appear to result in changed behaviour.
- SROI ratios should not be compared between organisations unless there is a clear understanding of the organisations' approach, measurement framework, geographical location and stage of development.
- The potential for bias in value estimation by the evaluators was considered. To minimise this risk, most values used in this analysis were sourced primarily from interviewed farmers' testimonies. Where revealed preference was used, proxies may not reflect real market values in Talensi society but represent the best available fit. Furthermore, rigorous external consultation with SROI specialists (Social Ventures Australia Consulting) likely challenged potential areas of bias in calculations.



Image 9: Yameriga: In Year I, WV staff demonstrated the FMNR pruning technique.

II. Conclusion

The net effect of World Vision's investment into Talensi FMNR is a significant contribution to household wellbeing and livelihood security in this semi-arid and impoverished zone of Ghana. After accounting for discounting factors, the impact of World Vision's investment is a SROI ratio of:

- 6:1 by the end of the project
- 17:1 by year seven (four years after project end)
- 43:1 by year 13 (10 years after project closure)

A comparison of the project's SROI ratios against other SROI studies of international development, social change and environmental projects indicates that the Talensi FMNR is in the top quartile of both short-term and long-term social returns.

A sensitivity analysis of Talensi FMNR's SROI ratios found that the three time period ratios (end-of-project, year seven and year 13) are quite robust to changes in individual discounting factors. The most sensitive variable is the value of timber stored in the young trees introduced into managed landscapes via FMNR. However, with an applied market value of US\$2 per tree (GH¢4), the model is already conservative and a lower price is unrealistic.

Outcomes generating the most social value to key stakeholders relate to (in order of magnitude of contribution):

- increased household and communal assets in the form of trees and livestock
- increased household consumables sourced from natural resources
- increased incomes from agriculture
- improved health
- psychosocial benefits
- climate change mitigation (carbon sequestration)

These outcomes result from a combination of FMNR-related outputs. Stakeholders restored trees to managed landscapes, suppressed field burning and bushfires, implemented complementary soil fertility and anti-erosion techniques and established community regulations and organisations to ensure the institutionalisation of these practices.

FMNR is often promoted for its ability to provide rural communities with timber and improve arable soils. In this study, FMNR's contribution to livestock health, psychosocial wellbeing and household access to "wild" consumables such as indigenous fruits, traditional remedies, bush meat and construction materials (thatching and rafters) also created significant value. Yet, because these benefits are not easily measured in economic terms, they may have been invisible or under-valued in previous studies of FMNR compared to more tangible outcomes such as provision of firewood, soil improvement and crop protection.



Image 10: Wakii village: Lead group members shelter from the sun in the community-managed FMNR forest site

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Image 11: Yameriga farmer shows off FMNR regrowth beside his field.



Image 12: Yameriga FMNR members and WV staff pruning in year 1

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SNAPSHOTS



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

SNAPSHOTS

Carbon credits in Agriculture and Sustainable Farming on 01st June 2023

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Carbon credits in Agriculture and Sustainable Farming

Speaker
Dr. S K Gupta
Chief Executive Officer
ICMAI Social Auditors Organisation

01st June 2023 (Thursday) From 04.00 PM to 05.00 PM

Fees : No Participation fee Mode : Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLSdL9o6jVgcfmiExTZx4FNogab4tVRHLgjmf56uloU83UloHQ/viewform>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530
or email : sao@saoicmai.in

Carbon Credits in Agriculture and Sustainable Farming

Dr. S K Gupta
M . Com, FCS, FCMA, Ph. D
Chief Executive Officer
ICMAI Social Auditors Organization

Certificate Course - Management of CSR Project on 03rd June 2023

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Certificate Course

Management of CSR Project

(A unique program designed to provide practical insights into various aspects of management of CSR projects)

Contents

- Nature of CSR project
- Planning of CSR project
- Budgeting and resource allocation
- Monitoring of CSR project
- Evaluation of CSR project
- Impact assessment of CSR project

Faculty : CSR Practitioners from Public / Private Sector Organizations

03rd June 2023 (Saturday) From 11.00 am to 05.00 pm

Fees : Rs 600 (All Inclusive) Mode : Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLSeLJQKYH9>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530
or email : sao@saoicmai.in

...a commitment to improve community well-being through discretionary business practices and contributions of corporate resources

Philip Kotler and Nancy Lee

CSR encompasses not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm.

Harvard's Kennedy School of Business

Planning of CSR Project

Presentation 2023

Certificate Course on Management of CSR Project

Presented By: Yudhisthira

Monitoring of CSR Projects

Dr. Agryeya Tripathi
+91-805 866 2444
Email: trippathi.agryeya@gmail.com

6/3/2023

SNAPSHOTS

Fire side chat - World Environment Day on 05th June 2023

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Fire side chat
World Environment Day

Speaker

Mr. Panigrahi
Director GRI South Asia

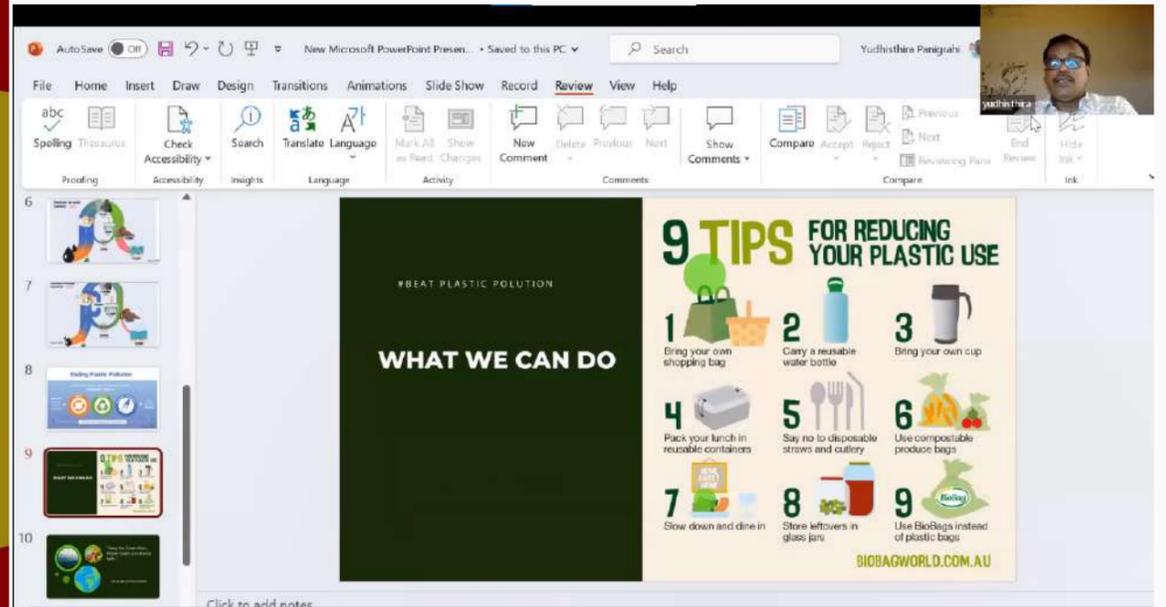
Dr. Sunita Purushottam
Head - Sustainability, Mahindra Lifestyle

05th June 2023 (Monday) From 11:30AM to 12:30PM

Fees : No Participation fee Mode : Online (Zoom Meeting Platform)

Registration Link - https://docs.google.com/forms/d/e/1FAIpQLSdeHant_AoG_tnuH_I00BrMNbPjmJKxkl4cda-hkNaAexE9mO/viewform

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : saoi@saoicmai.in



CSR with a focus on Sustainability on 06th June 2023

Corporate Social Responsibility (CSR)

With a Focus on Sustainability

Dr. Manjushree Banerjee
06 June 2023

Responsibilities of CSR - Carroll's pyramid of CSR

Philanthropic Responsibilities (Desired by society)

Ethical Responsibilities (Expected by society)

Legal Responsibilities (Required by society)

Economic Responsibilities (Required by society)

Sustainability is much more than a recent buzz word Concept and Case Studies on 07th June 2023

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Sustainability is much more than a recent buzz word
Perspectives and Case Studies

Speaker

Dr. S K Gupta
Chief Executive Officer
ICMAI Social Auditors Organisation

07th June 2023 (Wednesday) From 04.00 PM to 05.00 PM

Fees : No Participation fee Mode : Online (Zoom Meeting Platform)

Registration Link - https://docs.google.com/forms/d/e/1FAIpQLSedOURIS8GiUUEEw4_d8fKVS74qxU0EToOrT_UtgpM1VEzQ9Q/viewform

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : saoi@saoicmai.in

"Sustainability"
is much more than a recent Buzz word

Dr. S K Gupta
M. Com, FCS, FCMA, Ph. D

SNAPSHOTS

Understanding Green House Gas and its impact on Society on 08th June 2023

75 आज़ादी का अमृत महोत्सव

ICMAI SOCIAL AUDITORS ORGANISATION

G20 भारत 2023 INDIA

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

“Understanding Green House Gas and its impact on Society”

Speaker
Prabhu Narayan Singh
Head EHS and Sustainability
Vikram Solar

8th June 2023 (Thursday) From 04.00 pm to 05.00 pm

Fees : Rs 150/- (all inclusive) Mode : Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLScGZTnj2H0zAKIN>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : saoi@saoicmai.in

1. World is changing

WEF – The Global Risk Report – 2022
Global risks ranked by severity

5 among top 10 risks are ENVIRONMENTAL in Global Risk Report 2022

FIGURE 1.3
“Identify the most severe risks on a global scale over the next 10 years”

Rank	Risk	Category
1st	Climate action failure	Environmental
2nd	Extreme weather	Environmental
3rd	Biodiversity loss	Environmental
4th	Social cohesion erosion	Societal
5th	Livelihood crises	Societal
6th	Infectious diseases	Technological
7th	Human environmental damage	Environmental
8th	Natural resource crises	Environmental
9th	Debt crises	Economic
10th	Geoeconomic confrontation	Geopolitical

Source: World Economic Forum Global Risks Perception Survey 2021-2022

Interactive Session on Frequently asked questions for Registration / Listing of NPOs and FPEs on Social Stock Exchange on 14th June 2023

75 आज़ादी का अमृत महोत्सव

ICMAI SOCIAL AUDITORS ORGANISATION

BSE SSE भारत 2023 INDIA

ICMAI Social Auditors Organisation
(A Section 8 Company promoted by The Institute of Cost Accountants of India)

Organizes
Interactive Session on
Frequently asked questions for Registration /
Listing of NPOs and FPEs on Social Stock Exchange

Facilitators
Officials of BSE SSE

14th June 2023 (Wednesday) From 04.00 pm to 05.00 pm

Fees : No Participation Fee Mode : Online (Zoom Meeting)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLScqDAWXHIYneqETt2uBvwT7Dx17s7N1EGc2J7vDwe3hpOwE2g/viewform>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : saoi@saoicmai.in

Background (1/4)

Timeline:

- July '19: Announcement by Hon. FM
- Sep '19: Formation of Working Comm
- June '20: Report of Working Comm
- Sep '20: Formation of Technical Group
- May '21: Report of Technical Group
- July '22: Govt. Notifications - SSE

Announcement by FM on July 5, 2019
It is time to take our capital markets closer to the masses and meet various social welfare objectives related to inclusive growth and financial inclusion. I propose to initiate steps towards creating an electronic fund raising platform – a **social stock exchange (SSE)** – under the regulatory ambit of Securities and Exchange Board of India (SEBI) for listing social enterprises and voluntary organizations working for the realization of a social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund.

“E-Waste to Wealth” on 15th June 2023

75 आज़ादी का अमृत महोत्सव

ICMAI SOCIAL AUDITORS ORGANISATION

G20 भारत 2023 INDIA

ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

“E-Waste to Wealth”

Speaker
Mr. Venkatesha Murthy
VANSI IEM

15th June 2023 (Thursday) From 04.00 pm to 05.00 pm

Fees : No Participation fee Mode : Online (Zoom Meeting Platform)

Registration Link - <https://docs.google.com/forms/d/e/1FAIpQLSddZt5KIN>

For more details, you may also call us at 9411469499, 8586985549, 9457954906, 9990907530 or email : saoi@saoicmai.in

Message

“Waste is not Waste but Valuable Resources if RECYCLE in Technological Sound & Environmentally Friendly Way”

Stakeholders should Think Sustainable & Act Responsible in order to preserve our Mother Nature”

TAKE, MAKE, USE & THROW- doesn't work in Circular Economy

Products from “Mobile Phone to Dish-Washers brings Convenience, connectivity and better quality of LIFE”

- Growing economy** = Energy+ Electronics +Environment (E=E³)
- EEE Products** = World of **Chemistry**
- e-Waste Management** = Science and Technology



SNAPSHOTS

Certificate Course - ESG (Perspective, Process, Practice) on 17th -18th June 2023



ICMAI Social Auditors Organisation
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Certificate Course

ESG

Perspective . Process . Practice

Contents

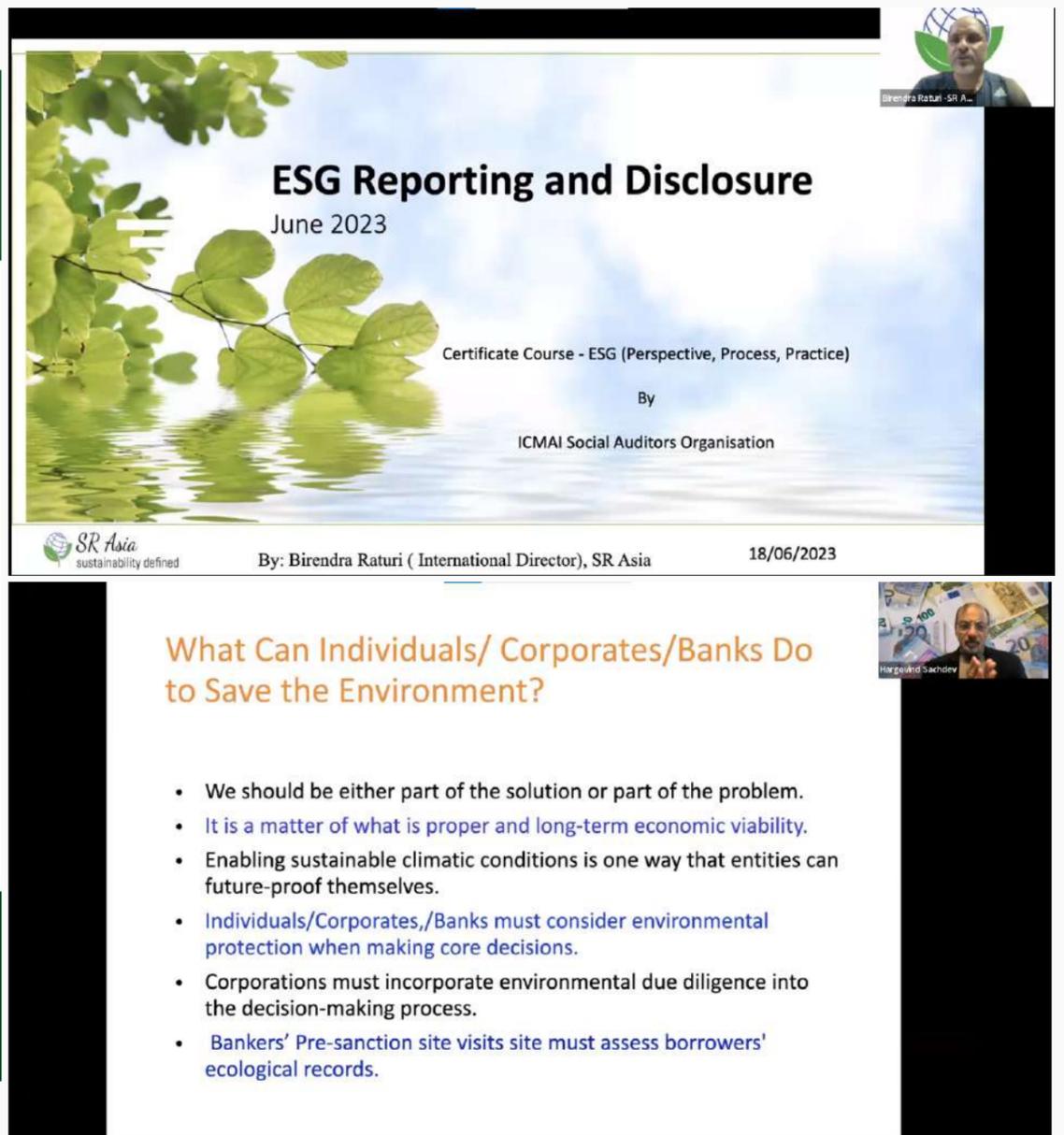
- Understand the ESG perspective
- Relevance and Dimensions of ESG
- Identifying ESG Risk & Opportunities
- Getting started - ESG in action
- Integrating ESG in core decision making
- ESG Disclosures and Reporting
- ESG assessment - structure and process
- Case Studies in ESG

Faculty - Professionals with practical experience in ESG domain
USP - Byte size learning course for enhancing competence where you don't need to commit long term

17th-18th June 2023 (Saturday-Sunday) From 02.00 pm to 07.00 pm
Fees : Rs. 1200 (All inclusive)
Mode : Online (Zoom Meeting Platform)

Registration Link - [1FAIpQLSdKwXJnShtKwZQYrKwqT5Gx1rYkHRht](https://www.saoicmai.in/registration)

For more details, you may also call us at 9411469499, 9457954906
or email : sao@saoicmai.in



ESG Reporting and Disclosure

June 2023

Certificate Course - ESG (Perspective, Process, Practice)

By
ICMAI Social Auditors Organisation

By: Birendra Raturi (International Director), SR Asia 18/06/2023

What Can Individuals/ Corporates/Banks Do to Save the Environment?

- We should be either part of the solution or part of the problem.
- It is a matter of what is proper and long-term economic viability.
- Enabling sustainable climatic conditions is one way that entities can future-proof themselves.
- Individuals/Corporates,/Banks must consider environmental protection when making core decisions.
- Corporations must incorporate environmental due diligence into the decision-making process.
- Bankers' Pre-sanction site visits site must assess borrowers' ecological records.

Understanding the E of ESG- Why Climate Change is important 19th June 2023



ICMAI SOCIAL AUDITORS ORGANISATION
(A Section 8 company promoted by the Institute of Cost Accountants of India)

Understanding the E of ESG- Why Climate Change is important

Speaker

Ms. Prarthana Borah
Director, CDP India

Date:19th June 2023 (Monday) Time: 4:00PM to 05:00PM

Fees : No Participation Fee Mode : On Zoom

Registration Link <https://docs.google.com/forms/d/e/1FAIpQLSdpV0pHYnjsiOcSUx61KvZg77H3u636Gy43rg6l1q6xQYK9FA/viewform>

Contact Us
9411469499, 9457954906, 9990907530, 8586985549,
or email : sao@saoicmai.in



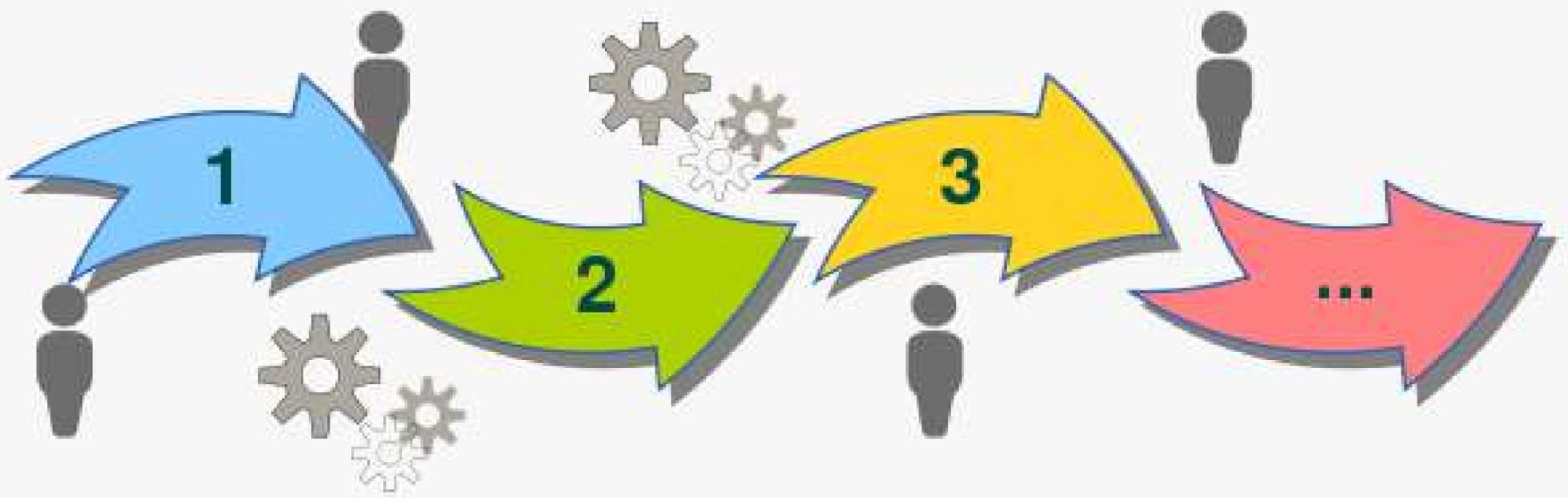
UNDERSTANDING the E in ESG- Where Disclosures Play a Role

Prarthana Borah, Director CDP India

June 2023
ICMAI



PROCEDURE FOR REGISTRATION OF A MEMBER WITH ICMAI SAO



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

PROCEDURE FOR REGISTRATION OF A MEMBER WITH ICMAI SAO

Eligibility Criteria for Social Auditor

A. An Individual if he

- holds the required qualification and experience;
- have attended a course at the National Institute of Securities Markets (NISM) and received a certificate of completion after successfully passing the course examination; and
- is registered with a Self-Regulatory Organisation (SRO) [e.g., ICMAI Social Auditors Organization]

B. A Firm/Institution that has partners/employees who meet with the criteria for being a social auditor and has a track record of minimum three years for conducting social impact assessment.

Eligibility Qualification & Experience for Social Auditor

- Post-graduates from universities recognized by the University Grants Commission (UGC) with a minimum of 3 years of experience in the development sector, or
- Graduates from universities recognized by the UGC with a minimum of 6 years of experience in the development sector, or
- Cost and management Accountant, Chartered Accountant, or Company Secretary holding valid Certificate of Practice.

No individual shall be eligible to be registered as a Social Auditor if he:-

- is a minor;
- is not a person resident in India;
- does not have the qualification and experience specified in SEBI notification;
- has been convicted by any competent court for an offence punishable with imprisonment for a term exceeding six months or for an offence involving moral turpitude, and a period of five years has not elapsed from the date of expiry of the sentence.

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be registered;

- he is an undischarged insolvent, or has applied to be adjudicated as an insolvent;
- he has been declared to be of unsound mind; or
- he is not a fit and proper person.

Explanation: For determining whether an individual is fit and proper ICMAI SAO may take account of any consideration as it deems fit, including but not limited to the following criteria-

- integrity, reputation and character,
- absence of convictions and restraint orders, and
- competence,

Procedure for Enrolment as a member

Entry of Application : Entry for application received for registration of social auditor is to be made in a register maintained by ICMAI SAO followed by stamping of application mentioning date of reception it.

Acknowledgement of Application : Every application received is to be acknowledged to the applicant within 7 working days of its receipt via mail.

Internal Verification of application along with fee and supporting documents as mentioned in enrolment Form.

- Registered form – duly completed
- Passport-size photo
- Copy of proof of residence
- Self – attested copy of Aadhar card, PAN card and Passport (if available).

- Copies of documents in support of educational qualifications, professional Qualification, Experience, and Social Auditors examination
- Copy of proof of payment of Admission/Enrolment Fee and Annual Fee
- Copy of Self Declaration, the format of the same is annexed with the Enrolment form (Annexure – 1).

Verifying Qualification and Experience

Copies of documents demonstrating qualification, employment and practice as –

- Cost and Management Accountant enrolled with the Institute of Cost Accountants of India.
- Company Secretary enrolled with the Institute of Company Secretaries of India,
- Chartered Accountant enrolled with the Institute of Chartered Accountants of India and/or empaneled with the Comptroller & Auditor General of India.
- Graduate / Post-Graduate from universities recognized by the University Grants Commission (UGC).
- Requisite experience of minimum of 3/6 years in the development sector
- Copies of certificate of employment from the employer(s), specifying the period of such employment.

Before registering a person as its Member ICMAI SAO is required to verify the following:

- Whether the applicant holds requisite qualifications & experience as indicated above.
- Whether the applicant holds valid Certificate of Practice if he is a Cost and management Accountant, Chartered Accountant, or Company Secretary.
- Whether the applicant have attended a course at the National Institute of Securities Markets (NISM) and received a certificate of completion after successfully passing the course examination.
- Whether the individual/firm/institution holds requisite social sector experience in providing assurance of non-financial information. (e.g., nutrition, education, health, water & sanitation, energy conservation, environment and climate change, etc.)
- Whether the firm/institution has required number of partners/employees meeting the criteria for being social auditor and has a track record of minimum three years for conducting social impact assessment.
- Whether any disciplinary proceedings are pending, or any disciplinary action has been taken at any time in the preceding three years against the professional member or firm/institution by the ICMAI, ICAI, ICSI, any SRO or any other regulator.
- Whether ICMAI, ICAI, ICSI, any SRO or any other regulator has initiated any criminal proceeding against the professional member or firm/institution and is pending for disposal?
- Whether the professional member/ person had an unblemished service with the last employer if he was in employment? The applicant must submit a conduct certificate from his last employer.

External Verification

The applicants' particulars are sent to verifying authority (ICMAI / ICAI/ICSI) to verify the following:

- Confirmation on verification of Membership Number provided by the Member
- Date of enrolment as member
- Number of years as member, whether he is continued to be member since his enrolment
- Information on whether the Member has ever been found Guilty of Misconduct. If his Membership was removed.
- COP Date
- COP Number
- Firm No.
- Firm Name
- Years of Experience in Practice
- Whether the member is in full-time practice or part-time practice?
- Whether the Member has been in Practice continuously? If not, please mention the block of period during which the Member was in practice and the block of period for which Practice was discontinued

- (e) After examination of the application, ICMAI SAO shall give an opportunity to the applicant to remove the deficiencies, if any, in the application.**
- (f) ICMAI SAO may require an applicant to submit additional documents, information, or clarification that it deems fit, within reasonable time.**
- (g) ICMAI SAO may reject an application if the applicant does not satisfy the criteria for registration or does not remove the deficiencies or submit additional documents or information to its satisfaction, for reasons recorded in writing.**
- (h) The rejection of the application shall be communicated to the applicant stating the reasons for such rejection, within thirty days of the receipt of the application, excluding the time given for removing the deficiencies or presenting additional documents or clarification by the ICMAI SAO, as the case may be.**
- (i) The acceptance of the application shall be communicated to the applicant, along with the registration number.**

Issuance of Certificate of Enrolment/Registration

Upon successful registration, Applicant is issued certificate of registration within 7 working days from the date of registration with ICMAI SAO (through courier and via mail)

DETAILS REGARDING SOCIAL AUDITORS EXAMINATION CONDUCTED BY NISM



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

Social Auditors Certification Examination

The examination aims to create a pool of social auditors who would assess the impact of social interventions of various social enterprises who raise funds through the Social Stock Exchange platform.

Examination Objectives

On successful completion of the examination the candidate should:

- Know the basics of social auditing, Code of conduct of Social Auditors.
- Understand the general concepts related to social stock exchange, social audit and social impact assessment.
- Know the Social Impact Reporting disclosures and regulations.

Assessment Structure

The examination consists of 85 multiple-choice and 3 case-based/caselet questions (each case having 5 questions) totaling to 100 marks. The assessment structure is as follows:

Multiple Choice Questions[85 questions of 1 mark each]

85*1 = 85

Case-based Questions[3 cases (each cases with 5 questions of 1 mark each)]

3*5*1 = 15

The examination should be completed in 2 hours. The passing score for the examination is 60. There shall be negative marking of 25 percent of the marks assigned to a question.

Test Details

Name of Module: NISM Series XXIII: Social Auditors Certification Examination

~ 85 multiple-choice and 3 case-based/caselet questions (each case having 5 questions) totaling to 100 marks.

*** Negative marking – 25% of the marks assigned to the question.**

+ Payment Gateway Charges extra.

Passing Certificate will be issued only to those candidates who have furnished/ updated their Income Tax Permanent Account Number (PAN) in their registration details.

Frequently Asked Questions (Social Auditors)

1. Who can take NISM-Series-XXIII: Social Auditors Certification Examination?

The following persons can take NISM-Series-XXIII: Social Auditors Certification Examination:

- Individuals registered as social auditors
- Employees of Social audit firm
- Students pursuing social work and interested in gaining more knowledge in Social Audit

2. How can I register for NISM-Series-XXIII: Social Auditors Certification Examination?

Candidates can register at <https://certifications.nism.ac.in/nismaol/>

After successful registration, candidates may select a test centre, date and time slot of their choice on the Test Administrator website. Candidates are required to follow further instructions available on the Test Administrator websites.

3. What is the fee structure?

The fees for “NISM-Series-VIII: Social Auditors Certification Examination” is Rupees One Thousand Five Hundred only (Rs. 1500/-) plus applicable GST.

4. What is the assessment structure?

The examination will be of 100 marks, will have 100 questions, and should be completed in 2 hours. There will be negative marking of 25% of the marks assigned to a question. The passing score for the examination is 60%.

5. Is there a study material available for preparing for this examination?

You will receive a soft copy of the workbook/study material after enrolment for the examination. For non-receipt of a soft copy of the workbook/study material, you may contact NISM at: certification@nism.ac.in

6. Do I have to pay for the study material?

You will receive a soft copy of the workbook/study material free of cost after enrolment for the examination. Candidate can buy printed workbooks from Taxmann Publications Private Ltd.

Visit <https://www.taxmann.com/bookstore> to place your orders for NISM workbooks.

If you prefer to order by phone, please call your nearest store directly to place your order. [Click here](#) to get the details of your nearest store.

7. I have passed NISM Social Auditors Certification Examination, when will I receive the certificate?

Only the candidates who have produced their Income Tax Permanent Account Number (PAN) during registration would receive the NISM Certificate within two weeks of appearing for the examination.

Candidates who produced other identification proofs would not receive the NISM certificate. They would receive only the temporary mark sheet at the end of the examination.

8. I have not provided my PAN information at the time of taking the certification examination. How do I obtain the certificate?

Candidates who have not provided their PAN information during registration may upload the same from their candidate dashboard from NISM's portal. After receiving and verifying PAN details, the candidate will receive the certificate from the Test Administrator they have registered with. No additional payments are necessary for obtaining the certificate.

9. I have passed NISM Social Auditors Certification Examination and also provided PAN details, however I have not received a certificate. Whom should I contact?

For non-receipt of certificate contact: certification@nism.ac.in

10. What is the validity period of the certificate?

The certificate will be valid for 3 years from the date of the examination.

11. Can I request for re-evaluation of NISM Certification Examinations?

NISM Policy on Re-evaluation of performance of candidates appearing for Certification Examination and resolution of doubts about the questions forming part of such examination, if any.

“No re-evaluation of the performance of candidates appearing for Certification Examination conducted by NISM (Mandatory & Non-Mandatory examination) is permitted since the assessment of answers, with respect to Certification Examinations questions which are in the nature of the selection of only one correct answer from multiple choices offered, is carried out in an objective manner by in-built system architecture created for Certification Examination without any scope for human intervention and subjectivity element. Also, considering the examination structure, no disclosure of the questions and/or answers is permitted as it will violate the confidentiality of the question bank, which is the essence of the examination.

In view of the above, no communication regarding re-evaluation, etc. will be entertained/serviced by NISM.” Subject to the above request/s received from a candidate for resolution of doubts about a question forming part of such examination will be considered as per the following policy.

(1) Candidate’s request/s will be considered only when he/she specifically mentions particular question or two which he/she thinks contain errors. Claims/ to recheck more than two questions shall normally be not permitted unless substantive material is provided by the candidate as to why he/she considers errors in such questions. In no case, claim/s to recheck all the questions appeared in his/her question paper shall be entertained.

(2) No request/s to disclose/discuss question/s and/or their answers shall be entertained as disclosure of the question/s will violate the essence of the question bank viz. breach the confidentiality/secretcy of the Question bank.

(3) Only those request/s made on-the-spot (before leaving the test center) will be considered for verification.

(4) When a valid request is received from a candidate at the Test Centre, it shall be forwarded by the respective TA to NISM. NISM’s team will look into claim relating to the contested question/s to verify whether there is a mistake in the question or answer. If it is prima facie found that the question or answer contains a mistake, no score will be computed and consequently no score card will be issued then at the Test Centre.

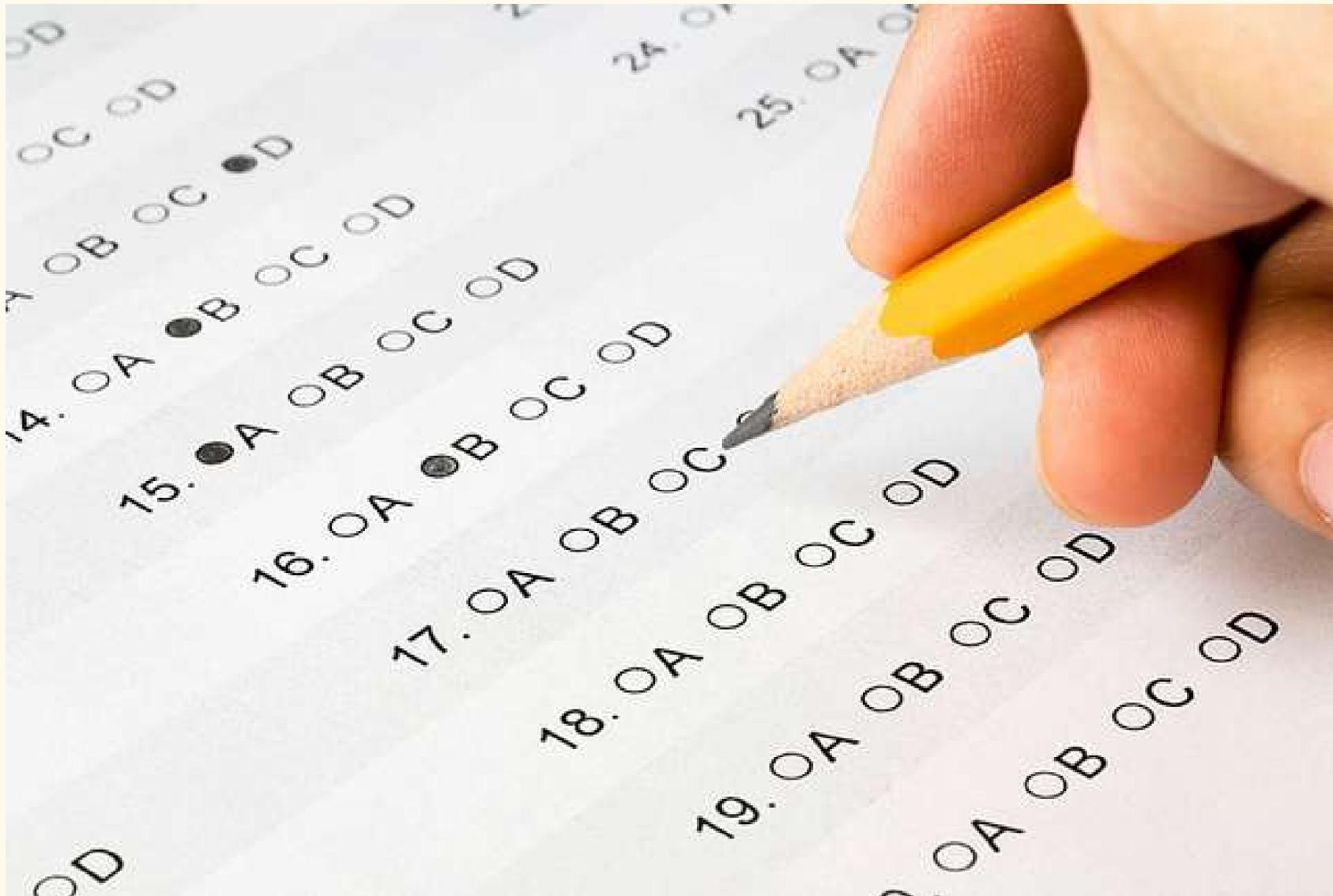
(5) Such matter will then be escalated with the question / answer to the Committee with the details of the nature of error, the correct version of the question or contested correct answer and system recognized correct answer. The Committee, after due diligence and proper scrutiny, will arrive at a conclusion whether the claim made by a candidate in relation to a question or answer is right. Such conclusion will be recorded in writing and put up for formal approval to the authority of NISM.

(6) Score computation, kept in abeyance as per point 4, shall be carried based on the approval as per point – 5. Such score card will then be issued to the candidate by TA/NISM.

(7) Even though NISM endeavours best efforts and has put in place a robust mechanism to review its question bank intermittently, attributable to continuous changes taking place emanating from dynamics of the market, encompassing products and features, and its regulatory framework, there is a possibility of inadvertently escaping some updation and/or escaping indirect impact on some question/answer. Therefore, to take care of such eventuality, the above process of entertaining request from the candidate in relation to the question/answer is put in place.

(8) The above policy and process will be subject to review from time to time and shall be binding and final in relation to any claim and/or matter when disposed off with the approval of the authority of NISM.

MULTIPLE CHOICE QUESTIONS



ICMAI Social Auditors Organisation

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

MULTIPLE CHOICE QUESTIONS

Compiled & Contributed by CMA Jacky Singh
(Cost Accountant , Social Auditor , Surveyor & Loss Assessor)

Question 1 - Three party Relationship involving a social auditor, a responsible party and intended users are elements of

- A. Social Intervention
- B. Social project monitoring framework
- C. Social Audit Evidence
- D. Audit Evidence

Answer - C. Social Audit Evidence

Question 2 - Generally, is the Responsible party under Social Audit engagement?

- A. Social Auditor
- B. Social Enterprise
- C. Intended users
- D. Social Stock Exchange

Answer - B. Social Enterprise

Question 3 - Which of the following are the challenges of the Social Impact Assessment ?

- (i) Interdependencies
- (ii) Assumption
- (iii) Timeframes
- (iv) Standardization of Reporting framework

- A. Only I, II and III
- B. Only II, III and IV
- C. Only I, III and IV
- D. I, II, III and IV

Answer - D. I, II, III and IV

Question 4 - Social Impact Assessment is a process of assessingConsequences of Social Interventions?

- (i) Direct /Indirect
- (ii) Intended/ Unintended
- (iii) Positive/Negative

- A. Only I
- B. Only II
- C. Only I & II
- D. I, II and III

Answer - D. I, II and III

Question 5 - Holding period of listed debt securities to be classified as long term capital asset is

- A. More than 1 year
- B. More than 2 year
- C. More than 3 year

D. More than 1.5 year

Answer - C. More than 3 year

Question 6 - How many sustainable development goals (SDG) goals are there ?

- A. 17
- B. 15
- C. 20
- D. 10

Answer - A. 17

Question 7 - Making Profit and redistribute it among beneficiary can be intent of Social Enterprise.

- A. True
- B. False

Answer - B. False

Question 8 - What is maximum investment limit for retail individual investor

- A. 1 Lakh
- B. 4 Lakh
- C. 5 Lakh
- D. 2 Lakh

Answer - D. 2 Lakh

Question 9 - In Equity Segment, how many Clearing Corporation are in India

- A. 1
- B. 2
- C. 3
- D. 4

Answer - C. 3

Question 10 - In Impact Scorecard what are the metrics monitored ?

- A. Reach
- B. Depth
- C. Inclusion

- (i) A & C
- (ii) B & C
- (iii) A, B & C
- (iv) A & B

Answer - (iii). A, B & C

Question 11 - NPO loses exemption in the following cases

MULTIPLE CHOICE QUESTIONS

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i. NPO is converted into any form which is not eligible for grant of registration under the income tax Act including when registration is cancelled for non-compliance with the provisions.

ii. NPO is merged with an entity which is not having similar objective a and is not registered under the income tax Act .

- A. Both (i) & (ii) are False
- B. Both (i) & (ii) are True
- C. Only (ii) – True
- D. None of the Above

Answer - B. Both (i) & (ii) are True

Question 12 - What shall be the first and foremost objective of the Social Enterprise planning to list for

- A. Social Intent
- B. Social Service
- C. Social Work
- D. Social Impact

Answer - A. Social Intent

Question 13 - FPEs does not include

- A. Co- operative
- B. HUF
- C. Proprietorship
- D. Partnership

Answer - A. Co – operative Societies

Question 14 - Risk funders earn a small return if Social metrics are delivered

- A. True
- B. False

Answer - A. True

Question 15 - The objectives of the social auditor's communication with Those Charged with Governance (TCWG) are :

(a) To communicate clearly with those charged with governance the responsibilities of the social auditor in relation to the social audit, and an overview of the planned scope and timing of the social audit .

(b) To Promote effective two way communication between the social auditor and those charged with governance .

- (1) (a) is correct
- (2) Both (a) & (b) are correct
- (3) (b) is correct

(4) Both (a) & (b) are incorrect

Answer - (2) Both (a) & (b) are correct

Question 16 - The is measured by an independent third party evaluator

- A. Social Impact
- B. Social Outcome
- C. Social Activity
- D. Social Intent

Answer - B. Social Outcome

Question 17 - The schedule II, regulation 7 of the SEBI (Stock Broker) regulation provide code of conduct for stock brokers. It state that the stock broker shall

A. Not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumors with a view to distorting market equilibrium or making personal gains.

B. Not create a false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market .

- (i) A True
- (ii) A & B False
- (iii) A & B True
- (iv) B True

Answer - (iii) A & B True

Question 18 - Which of the following data collection methods would be difficult to use for primary beneficiary of the project?

- A. Personal Interviews
- B. Questionnaires
- C. Observation
- D. Unstructured Interviews

Answer - B. Questionnaires

Question 19 - Is an impact accounting system which can be used by impact investors to measure, manage and optimize their impact .

- A. Global Impact Investing Rating System
- B. Global Reporting Initiative
- C. IRIS+
- D. UN Global Compact(UNGC)

Answer - C. IRIS+



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The articles sent for publication in the journal “The Social Auditor” should conform to the following parameters, which are crucial in selection of the article for publication:

- The article should be original, i.e. Not Published/ broadcasted/hosted elsewhere including any website.
- A declaration in this regard should be submitted to ICMAI-SAO in writing at the time of submission of article.
- The article should be topical and should discuss a matter of current interest to the professionals/readers.
- It should preferably expose the readers to new knowledge area and discuss a new or innovative idea that the professionals/readers should be aware of.
- The length of the article should not exceed 2500-3000 words.
- The article should also have an executive summary of around 100 words.
- The article should contain headings, which should be clear, short, catchy and interesting.
- The authors must provide the list of references, if any at the end of article.
- A brief profile of the author, e-mail ID, postal address and contact numbers and declaration regarding the originality of the article as mentioned above should be enclosed along with the article.
- In case the article is found not suitable for publication, the same shall be communicated to the members, by e-mail.

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