

Social Return
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Investment

Social Return on Investment (SROI):

Selected Cases from
Thai Health Promotion Foundation



Thai Health Promotion Foundation
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Social Return on Investment (SROI): Selected Cases from Thai Health Promotion Foundation

The study on Social Return on Investment (SROI) of Thai Health Promotion Foundation was conducted by two teams of researchers from the Faculty of Medicine, Chulalongkorn University and the Thailand Development Research Institute (TDRI). This document summarizes the result of SROI only from seven areas of ThaiHealth's investment among other issues, namely tobacco-consumption control, road traffic accident prevention, physical activities, health and food systems, consumer protection, health of the elderly, and children, youth and family health.

The Thai Health Promotion Foundation would like to express our sincere gratitude towards all stakeholders engaging in each step of this study.

Project Background

Thai Health Promotion Foundation (ThaiHealth) is an independent state agency set up according to the Health Promotion Act 2001 and is funded by 2% surcharge tax of tobacco & alcohol excise taxes. The vision of ThaiHealth is to ensure that "Everyone in Thailand has capability, and is living in a society and environment conducive to wellbeing." ThaiHealth is not an implementing agency; it supports programs and projects to be executed by partners. Each year ThaiHealth invests around \$US100 million on over 1,000 projects.

To assess the value for its investments in 2012, ThaiHealth, in collaboration with the Rockefeller Foundation, supported a set of studies under the theme “Social Return on Investment (SROI) of Thai Health Promotion Foundation”. These studies evaluate the costs and social benefits of selected health promotion programs/projects/interventions supported by ThaiHealth. The main aim of the studies is to understand the performance of some of the ThaiHealth’s programs and plans, and how they can be improved to reach their expected outputs and outcomes, which will eventually enhance societal values of public investment in ThaiHealth.

SROI analysis is a framework for the evaluation of value changes from a project or program¹. It is similar to a concept frequently used in business sector to evaluate cost benefit or returns on investment (ROI) of a firm or a project. Both approaches compare the changes in outcomes or impacts, measured in monetary unit, to the costs of the resources used. However, instead of focusing solely on business profit or economic returns as in ROI, the SROI framework takes into account the “triple bottom line” that includes economic, environmental, and societal impacts (also known as people, planet, and profit) in its assessment. This makes SROI analysis popular for the assessment of public sector investments especially in the areas of social development where measurement of only marketable outcomes would provide incomplete information. SROI also emphasizes the assessment of impacts that taken into account only the values attributable to the projects or programs of interest. SROI can be either evaluative (retrospectively) or forecastive (prospectively). It can be used to assess an entire organization or a part of its functions. It can be carried out in-house or by external evaluators.

¹This paragraph on an introduction to SROI benefits from a SROI guide book by Goodspeed and colleagues (2009), available online free at <http://www.neweconomics.org/publications/entry/a-guide-to-social-return-on-investment>

The SROI analyses of ThaiHealth investment presented here were carried out as an evaluative SROI coordinated by external researchers from Faculty of Medicine, Chulalongkorn University² and Thailand Development Research Institute³ with active involvement of ThaiHealth staffs and key stakeholders. Two distinctive approaches were employed: macro-level analyses of ThaiHealth investment plans, or micro-level analyses of selected programs or projects. The former includes SROI analyses of 1) tobacco-consumption control and 2) road traffic accident prevention. The latter includes SROI of 1) physical activities, 2) food consumption projects, 3) consumer protection projects, 4) projects on health of the disables, 5) projects on health of the elderly and 6) projects on children youth and family health. The time period of the assessment varies by the program or the plan (See summary table at the end).

² Faculty of Medicine, Chulalongkorn University team includes: Dr.Piya Hanvoravongchai, Ms.Sudarat Lijutipoom, Mr.Rattanasak Santitadakul, Dr.Poranee Laoitthi, and issues of research are tobacco-consumption control, road traffic accident prevention, and physical activities.

³TDRI team includes: Dr. Worawan Chandoevmit, Dr. Kannika Thampanishvong, Dr. Narong Pomlakhong, and Dr. Phumsith Mahasuweerachai and issues of research are health and food systems, consumer protection, health of the elderly, and children, youth and family health.

Principles and Methods of the Social Return on Investment (SROI)

One attractive feature of the SROI framework is its core principle of stakeholder engagement in the assessment. They are involved in many steps of the exercise, for example in the judgment on the outcomes to be included and outcome mapping, financial proxies, and attribution proportion. Stakeholder involvement should increase acceptance of the SROI assessment and its use and promote deliberation and collective actions to improve program performance. The potential downside is the bias in the analysis especially if some key stakeholders are not included or are too powerful. Other SROI principles include: understand what changes, value the things that matter, only include what is material, do not over-claim, be transparent, and verify the result.

All the ThaiHealth SROI studies employed a commonly used method of SROI assessment that can be described in five key steps as follows:

1. Determining scope of analysis and key stakeholders: identifying stakeholders who were or will be involved in the activities of the project; and agreeing on the boundaries of what will be assessed
2. Mapping program's or project's outcomes: this step tries to establish linkages between inputs, processes or interventions, outputs and outcomes from the activities of the projects
3. Compiling the outcomes and its financial valuation by using measurable indicators. This step requires information which is available and accessible. Besides, such results should be able to convert into monetary value. The major steps are as follows:
 - Collecting outcome incidences which will be measured; these outcomes must be chosen and agreed through a consensus process of key stakeholders
 - Finding financial proxy which will be used to estimate the value of outcomes generated by the project

1. Determining and collecting the information to assess the impacts of the program/project. The impact assessment needs to take into account the following:
 - Deadweight: part of outcomes that would have happened regardless of the project or interventions, should be excluded from project's impact;
 - Attribution: Only a part of the outcomes that came from the project's investment, separating from results from other stakeholders, should be included in the value of the project. This requires a consensus from all stakeholders on the attribution (proportion) of each partner or stakeholder on the entire outcomes.
 - Displacement: Any undesirable outcomes indirectly incurred from the project but not already calculated as the project's results must also be measured and deducted from the overall return of the projects.
 - Estimation of benefit period and benefit drop-off calculation
2. Calculating SROI and reporting and using results. SROI is a net present value of total outcomes of the projects in monetary term, by using the formula as shown below.

$$\text{SROI} = \frac{\text{the present value of the change in outcomes}}{\text{the present value of the investment made}}$$

There are a number of limitations in the assessment of SROI. Lack of or incomplete data is a common challenge across all studies conducted. The choice of proxy indicators or outcome models relied on a number of assumptions that can still be improved if more time and resource are available. Nevertheless, effort has been made to reduce bias and improve validity of the assessment.

SROI Results

Tobacco-consumption Control

ThaiHealth has invested in tobacco-consumption control since 2001. The direct and indirect costs to ThaiHealth from this area of work from 2001 to 2010 totaled 1,433,730,187 baht. The key outcomes of interest from ThaiHealth's investment in tobacco-consumption control can be measured from financial and non-financial impacts of decreasing numbers of smokers or number of new smokers averted. Age-sex cohort models of smoking prevalence from pre -ThaiHealth period were used to estimate the prevalence of smoking for 2001-2010 if there were no ThaiHealth, from which the number of smokers averted can be estimated. The value of physical and mental benefits of having fewer smokers was calculated based on the data from an earlier study on the incidence cost of having a new smoker, taking into account life time health care spending and productivity lost from smoking related illnesses. The value of social benefits from having fewer smokers was estimated based on a sample survey of adult population on their willingness to pay to have fewer smokers in the family or in the society.

The overall benefits from this plan are estimated to be at 29,873 million baht. With the attribution of ThaiHealth at 88 percent, the social return of ThaiHealth's investment in tobacco-consumption control is at 18 times i.e. a return of 18 baht for every baht spent⁴.

⁴ SROI ranges between 1:12.5 to 1:19.8 if attribution rate of ThaiHealth varies

Road Traffic Accident Prevention

Road Traffic Accidents are a major cause of deaths and injuries in Thailand. The number of accident increased from 73,737 in 1998 to 124,530 in 2004. However, it decreased to 74,379 in 2010. Nevertheless, loss caused by road traffic accidents is among top-ten major burdens of disease. The cost of accident is estimated to be 254,935 million baht or 2.36% of national GDP in 2010.

The SROI study reveals that, from 2001 to 2010, ThaiHealth spent in total 1,454 million baht on road traffic accident prevention related program. By modeling the death statistics from road traffic accidents before ThaiHealth, it was found that the number of deaths for 2002 to 2010 was lower than the expected number deaths by approximately 66,614 cases. Using the value from an earlier study on overall costs per one death from road traffic accident at about 5.7 million baht, the value of benefits from averted deaths from road traffic accident is at 378.7 billion baht. With the attribution rate of ThaiHealth at 50 percent, the SROI of ThaiHealth's investment in road traffic accident prevention is at 1: 130⁵. The study result however does not consider non-death outcomes that may be displaced from road traffic accident's deaths.

⁵SROI ranges between 1:53 to 1:182 if attribution rate of ThaiHealth varies

Selected Projects to promote Physical Activity

Each year ThaiHealth supports a number of interventions/events to promote physical activity among Thai population. One of them is Chombueng Marathon Project, which is a local sport event held annually in the second week of January in Rachaburi, central Thailand. This SROI study assesses the returns of ThaiHealth's support to the event in 2012 (approximately 2 million baht plus some additional indirect costs). In addition to the support from ThaiHealth, the event also received financial and in-kind contributions from other sources, such as local government and runners' registration fees.

All stakeholders discussed and enlisted key project outcomes to health, economic, social, and environment. The outcomes of interest in this assessment include health benefits to new and returned active runners, economic benefits to the community from having more visitors, social benefits to the community from having collective collaborative activities, and other health and environmental benefits from the Marathon's side events such as tree planting and swimming lessons for kids. The value of total return is estimated to be at 25.4 million baht, of which 16.3 million baht came from physical and mental health benefits and 5.8 million baht came from social benefits. The rest of the benefits came from economic and environmental improvement. With the attribution rate of ThaiHealth at 50 percent, the SROI of ThaiHealth's investment in Chombueng event is at 1: 6.2⁶.

⁶ With the attribution rate ranging from 20-80 percent, the SROI will be from 2.5 to 8.7 times.

Selected Projects on Food Consumption

Each year ThaiHealth provides catalytic supports to a numbers of programs and projects on food safety and promotion of healthy consumption. The study covered two projects, i.e., Campaign to reduce sugar intake among school-age children, and Partnership to reduce pot-belly or abdominal obesity among general population. The total investment of ThaiHealth in these two projects was 131 million baht. As a result of these projects, young children and employees experienced changes in their food consumption behavior, reducing the intake of high-sugar and unhealthy foods. Such changes contributed towards reduction in public healthcare costs in the long-term as these groups of program participants become less susceptible to diseases, such as obesity.

The total social benefits resulted from these two projects in the first and the second years were 462 million baht per year, which then gradually decreased due to drop-off, as observed by the stakeholders. The total benefits over the 5-year period were 1.8 billion baht (at 2008 prices). If the discount rate of 3% per year was applied, the SROI ratio from selected projects on food and nutrition was 13.49. Therefore, each baht which ThaiHealth invests in campaigns and projects that promote healthy food consumption will yield the social return of 13.49 baht.

Selected Projects on Consumer Protection

The three selected projects include Reducing risk of drinking water provided by school contaminated by lead, Encouraging general public not to reuse deep frying oil for cooking purposes, and Refraining from the use of asbestos in consumer products.

Total investment in these three projects from all donors was 49 million baht, of which ThaiHealth contributed 8 million baht. These projects help improve health conditions of students and consumers, reducing the chances of them becoming ill due to different types of diseases. Being prevented from drinking lead-contaminated water in schools, children long-term learning ability improves. Moreover, parents experienced higher satisfaction after realizing that their children are no longer exposed to lead in drinking water provided by schools. Moreover, by refraining from eating foods cooked in reused deep frying oil, consumers are less exposed to risk of becoming ill due to hypertension and lung cancer. Similarly, the risk factors of lung cancer and laryngeal cancer could be reduced if consumers use asbestos-free products.

The total social benefits from these projects during the five-year period, at 2008 value, were 3.9 billion baht (at 2008 prices). With the discount rate of 3%, the SROI ratio from these projects on consumer protection was 95, which suggests that every baht of investment yields the social benefits of 95 baht. When conducting sensitivity analysis (increasing the discount rate to 10 percent and reducing the attribution rate to 20 percent) the SROI ratio ranges from 42 to 148. Most of the benefits from these projects were accrued to consumers. Smaller parts of benefits were accrued to local administration, and schools.

Selected Projects on Children and Youth

This study focuses on some selected projects; Capacity development of child development center under local administration organization, Health promotion for students in Thairathwittaya schools, Child safety promotion and injury prevention and Child and youth capacity development by learning from local community. These projects improve children, parents and teachers behavior on nutrition, exercising and learning ability. Some projects reduce the risk of having accident in school. Parents have more satisfaction with child health and safety.

Total investment is 97 million baht: 91 million baht is from ThaiHealth and 6 million baht is from Thairath Foundation. The benefit in the first year was 227 million baht then gradually reduced approximately 30% each year. The benefits in the period of 2008 to 2012 were 667 million baht (at 2008 prices). When applying the discount rate of 3% per year, the SROI is 6.87. Therefore, each baht invested generates the social return of 7 baht. More than half of the benefits were accrued to children and youths. Smaller parts of benefits were accrued to parents and community.

Selected Projects on Elderly

The projects on the elderly selected for the SROI analysis include the project on Developing medium-term and long-term care for the elderly in the community, and the Project to create elderly-friendly building and improve access of elderly to public places. These projects improve elderly opportunity to participate in social activities which could improve emotional well-being. Some projects encourage local community to take part on elderly home care and home visit which could improve relationship of people in the community and reduce long-term health care costs from chronic disease and accident among elderly.

The total investment of ThaiHealth in these projects was 21 million baht. The benefit in the first year of the projects was 14 million baht, which then gradually reduced approximately by 10% each year, as stated by some groups of the stakeholders. The total benefits over the 3-year periods were 62 million baht (at 2010 prices). With discount rate of 3% per year, the SROI ratio from these two projects was 2.95. Most of the benefits were accrued to elderly and their family members.

Conclusion

The studies of Social Return on Investment (SROI) show that investing on health promotion provides high returns to public. The values of SROI depend on many factors such as the period of analysis, the size of the project invested, the number of beneficiaries, the discount factors used, and the views of stakeholder on deadweight rate, attribution ratio, and drop-off rate. The results from these studies can be used to follow up the project invested for the purpose of implementation improvement and the forecast of new project to be invested for the purpose of investment decision.

Summary Table of Social Return on Investment (SROI) of ThaiHealth's Investment

Assessed Plan	Investment (million baht)	Outcomes (million baht)	SROI Per 1 baht Investment	Range
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Macro-level assessment

1. Tobacco-Consumption Control (2001-2010)	1,434	26,289	18.3	(12.5-19.8)
2. Road Traffic Accidents (2001-2010)	1,454	189,359	130.2	(52.8-182.3)

Micro-level assessment

3. Physical Activities ¹ (2012)	2	13	6.2	(2.5 – 8.7)
4. Food Consumption ² (2008-2012)	131	1,765	13.5	(8.2-18.8)
5. Consumer Protection ³ (2008-2012)	49	3,882	95.0	(42-148.1)
6. Children and Youth ⁴ (2008-2012)	97	667	6.9	(3.6-10.1)
7. Older People ⁵ (2010-2012)	21	62	2.9	(1.5-4.4)

Notes:

- ¹ Project on physical activities is Chombueng Marathon Project
- ² Projects on Food Consumption are Campaign to reduce sugar intake among school-age children, and Partnership to reduce pot-belly or abdominal obesity among general population.
- ³ Projects on Consumer Protection are Reducing risk of drinking water provided by school contaminated by lead. Encouraging general public not to reuse deep frying oil for cooking purposes, and Refraining the use of asbestos in consumer products.
- ⁴ Projects on Children and Youths are Capacity development of child development center under local administration organization, Health promotion for students in Thairathwittaya schools, Child safety promotion and injury prevention and Child and youth capacity development by learning from local community.
- ⁵ Projects on Older People are Developing medium-term and long-term care for the elderly in the community, and the Project to create elderly-friendly building and improve access of elderly to public places.

