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COMUNIDADE VIDA E PAZ SOCIAL IMPACT FIELD LAB,

A STRATEGIC REFLECTION WITH ANALYSIS OF ITS BUSINESS UNITS AND PROJECTION OF FUTURE SCENARIOS- WHAT IS COMUNIDADE VIDA E PAZ AND HOW DOES IT ACHIEVE ITS SOCIAL GOALS?

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Abstract

The number of homeless people has been increasing worldwide. In Portugal, the situation is not different, and many associations fight to solve this huge problem. CVPaz embraces a mission to help these people to rebuild their lives and aim for a better future. However, on a large scale, the organization depends on external funding, harming its ability to provide better assistance. Therefore, this report focuses on exploiting its business units and creating a new one, improving its financials and establishing a strong market position. This will allow the institution to increase its financial independence.

Keywords

Business Unit, Social Business, Donations, Second-hand, Financial Independence, Market Overview, Sustainability, Social Impact, Feasibility, Financial, Overall Impact, Forecast Performance, Recommendations, Reintegration, Operational Efficiency, Agriculture, Bakery, Supper, Schedule, Homeless People, Society, Peers, IPSS, Inclusion, Social Organization

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1. Introduction

Nowadays, especially after the COVID-19- pandemic, social and economic problems have been increasing all around the world. By looking at Portugal, the economic crisis led to an increase in hunger, inequality, and homeless people. The latest problem will be the emphasis of this report. Therefore, is important to define what a homeless person is, an individual who does not have a stable place of residence or permanent housing. Also, a transient individual who is neither a member of a household nor a resident of an institution is considered homeless¹. By that, in Portugal, the number of homeless people registered an increase of 78% in the last year (Bastos et al., 2023). This increase is worrying because institutions are running out of capacity to help those people. It is possible to verify that Portugal is the sixth country with the biggest number of homeless people per capita (Rodrigues, 2023), with 0,093% of its population living on the streets (Appendix 1). Lisbon has more than half of the total homeless people in Portugal. Three other main reasons that justify this growth are the increase in unemployment and job precariousness, the addiction to alcohol and drugs, and the lack of family support².

Additionally, the number of homeless people in Lisbon continues to grow, registering an increase of 25% in October 2023 in comparison with the homologous period³. However, the profile of homeless people in Portugal is changing. Before it affected mostly male people between 40 and 50 years old with Portuguese nationality who had mental health problems. Nowadays there are more immigrants, more persons of different age groups who sometimes have jobs and more younger people with alcohol and drug addictions living on the streets. The

¹ Definition of Homelessness | SOAR Works, n.d.

² Home, n.d.

³ Renascença, 2023

actual economic crisis and the COVID-19 pandemic had a huge influence on this change of

paradigm in terms of homeless people.

2. Context and Diagnosis

What is Comunidade Vida e Paz and how does it achieve its social goals?

2.1 Introduction

In this section of the report, the current position of Comunidade Vida e Paz (CVPaz) will be analysed. The main goal is to understand the organization at a social and economic level. The mission and values of CVPaz complemented by its activities will be analysed so that it is possible to have a better overview of how the organization works. Therefore, it will be discussed the current position of CVPaz's peers and how they achieve their goals. Furthermore, a financial analysis will be carried out, where CVPaz's historical evolution will be detailed, as well as a sustainability and financial ratios analysis, an analysis of its capital structure, and an assessment of the performance of each unit of the institution. Afterwards, it will be presented the structure of the organization and the impact that CVPaz has socially. By that, to assess the impact diagnosis, the Theory of Change, and the Sustainable Development Goal (SDG) impact play a key role in assessing the impact that CVPaz has. Finally, to sum up, all the analyses mentioned previously, the scope definition will be detailed so that it is possible to understand which key areas to address, and how can the organization develop. By that, meetings with CVPaz, external research, on-site visits, interviews, and analysis of internal documents were the methodologies used in this section.

2.2 Organisation's Context

2.2.1 Comunidade Vida e Paz and its mission

In 1988 Maria Gonçalves, a Portuguese nun belonging to Congregação Das Servas de Nossa Senhora de Fátima, began her mission and her approach to what became CVPaz. Her mission was to engage with homeless people, examining their willingness to alter their lifestyle. From

then on, CVPaz began to follow Maria's mission and create its method of talking with homeless people to reintegrate them into society and give them a second chance to start afresh.

Nowadays, CVPaz aims to provide a structured scheme for homeless people, in which they focus on homeless men of active age who are willing to change their lifestyle, bring them into flats for a certain period of time, and develop a plan to reintegrate them into society, trying to give them independence. In meetings, it was shared that the organization wants to have more financial independence to improve the range of services it provides to the community.

Currently, CVPaz has 155 collaborators, and 586 volunteers, that support a total of 866 beneficiaries, of whom 450 people are supported by the volunteers and street teams, and the other 416 are in the community levels 2 and 3, Reabilitação and Reinserção, respectively. In addition, the organization has three main social initiatives and many business units (BU), all located between Lisbon and Fátima (Appendix 2).

2.2.2 Pestel Analysis

To help the organization have a more precise and efficient strategic decision-making process, the factors that may influence the organization as a social sector were analysed. The external analysis chosen was the PESTEL, focusing on several factors, such as Political, Economic, Social, Technological, Environmental, and Legal.

From a political point of view, the Portuguese Republic's Constitution included policies and subsidies given by the European Social Fund to help homeless people⁴. Additionally, Entidade Nacional para a Integração para Pessoas em Situação de Sem-Abrigo (ENIPSSA) was created in 2009 to fight this problem and have been recurrent changes in the social security policies (Decreto-Lei n.º 172-A/2014 2014). Then, the Portuguese political policies impact positively

⁴ 1,8 Milhões de Euros para Apoio a Pessoas em Situação de Sem-Abrigo, n.d.

the organization as the government's goal is to guarantee the reintegration of the beneficiaries.

From an economic perspective, the IPSS has been very dependent on public subsidies and private donations. This increases the reliance on the Portuguese economy as most organisations are supported by it. Even though these factors may not benefit the organization, they should be counted as monetization opportunities, as private funding, and support.

Social problems in Portugal have gotten worse, especially with the growth in homeless people and vulnerable families. These problems have also been aggravated by economic hardships and a rise in drug consumption. Because of the stigma associated with homelessness, many find it difficult to get employment and must rely on charity organizations for support. Despite challenges, public awareness has increased, attracting the attention of additional institutions and private businesses to fund collaborative and educational projects.

Through social media and digital news, Portugal's growing advancement in technology has raised public awareness of street challenges. Organizations may now communicate and attract volunteers more easily because of the internet's ability to link them. Opportunities for improving communication, growing one's network, meeting donors, and maybe obtaining additional donations increase with this technological expansion. In general, the internet has developed into an effective tool for tackling homelessness in Portugal.

Portugal's environmental dynamics present further difficulties because of the country's notable daily weather variations. The increasing frequency of extreme weather events, such as heatwaves, and floods, has made homeless people even more vulnerable. Their problems are made worse by the lack of available overnight accommodations, which raises health issues. Some of the needs are met by their offering of free access to open spaces during the day, but not the night refuge.

Lastly, from a legal perspective, IPSS faces many challenges, especially a strict legal and financial framework. Besides that, it is also mandatory to comply with the rules of operation laid down in the applicable legislation, in addition to the obligation to report any changes to an organization, which also implies being subject to registration by the law from the perspective of the social security system (Decreto-Lei n.º 172-A/2014 2014). The legal framework works to improve the organization's KPIs and, at the same time, respect quality control standards.

2.2.3 Operational Portfolio

CVPaz focuses its attention on challenges related to homeless people by having three big social initiatives, divided into phases, mostly financed by public subsidies and private donations. Moreover, CVPaz currently has different BUs, organized within the community.

The first social initiative, *Ir ao Encontro*, has the purpose of reaching out to homeless people and creating bonds with them whilst creating motivation to change their lifestyles. Within this initiative there are some co-activities very important to mention, such as the Centro de *Intervenção de Primeira Linha* (CIPL), divided into street teams which has the purpose of reaching out to the homeless, and *Espaço Aberto ao Diálogo* (EAD), which are shared apartments during the day for them to have a place to go and interact. Finally, in the Christmas Parties prepared by the institution they offer food and clothes, provide healthcare, and help with legal aspects like creating/renewing documents for the homeless and for vulnerable families who also need them.

The second initiative, *Tratamento & Reabilitação*, located in Fátima, Venda do Pinheiro and Sobral de Monte Agraço, focuses its help on vulnerable male people who need additional support to fulfil their social and professional autonomy. In these two stages (levels 2 and 3), the homeless live together for around a year, during which they divide their days between receiving health treatments and working within Community activities, such as agricultural, artistic or

carpenter jobs, in which they are paid a symbolic amount. The main two locations they operate in are Quinta Espírito Santo (QES), for patients with mental issues, and Quinta da Tomada, for those with addictive problems. Lastly, the final step in the organization's plan, *Reinserção*, focuses its services on the reintegration phase, which occurs when beneficiaries complete the rehabilitation process and want to have a normal life, the CVPaz helps them in terms of accommodation and job searching.

Furthermore, there are three BUs from CVPaz which will be approached deeper into this report, which is Frescos ComVida, based on agricultural products, Feira na Quinta, a second-hand shop which sells products offered through donations, and the implementation of a new BU.

2.2.4 Market Landscape

Firstly, it is important to highlight the role that *Núcleos de Planeamento e Intervenção Sem-Abrigo* (NPISA) has in the fight against this social problem in terms of financing and intervention. NPISA seeks to link organisations that assist those who are homeless and to support them to make the most of the resources at hand and prevent duplication of efforts. Moreover, it organises and articulates the promotion of multidisciplinary and multisectoral interventions to address the needs of those who are homeless. NPISA operates under the European Structural and Investment Funds, implementing a national strategy for homeless integration. It receives around one million euros for this purpose and distributes it to institutions within this scope, ensuring the integration of homeless people.

To have a better overview of CVPaz it is important to understand in which market landscape the organization is situated. By that, it is crucial to identify CVPaz's main peers and detail their approach to the market. Besides focusing on social projects, some other institutions already have BUs that will be exploited through this section, including CVPaz, which helps them financially and improves their brand name.

The chosen organisations provide mainly services that positively impact the homeless community in Portugal, focusing on direct actions such as residential services, occupational and physical therapy, intervention on the streets, daily support, and addressing all those who suffer from loneliness on the streets (Appendix 3). By that, and as CVPaz needs to step up and perform better financially, a market opportunity is being considered in this paper, the creation of a new BU. This new BU is the current bakery, which exists but only on a social level, and the goal is to start generating cash from it.

The first one is Centro de Apoio ao Sem-Abrigo (CASA), created in 2002 to tackle poverty, pain, and the absence of basic needs of individuals. In this way, CASA gives support through solidarity actions, providing close contact, food, clothing, and social integration services. One of the biggest strengths of this organization is the fact that it operates on a larger scale in terms of locations in Portugal (Lisbon, Faro, Oporto, Madeira Island).

In the year 1498, one of the oldest solidarity institutions was created in Portugal. Santa Casa da Misericórdia focuses its attention on improving the quality of life of human beings, especially the most vulnerable ones. This organization has existed for more than five centuries, which allowed it to have a strong brand name. To help its beneficiaries, the institution guarantees basic subsistence conditions, and it also defines plans for them, so that they can be trained, acquire social skills, and be reintegrated into society. Additionally, Santa Casa da Misericórdia can have an above-average performance in terms of balancing its social and business components. These returns occur because revenues are generated through prices, stamp duty on winnings and sales, results given to beneficiaries, sponsorships, and investment in promoting legal and safe betting.

It was also considered the Associação de Vida Autónoma (AVA) as a peer since this organization is focused on providing means and resources to give psychosocial support, better living conditions, and social and professional skills to homeless people. AVA is almost identical

to CVPaz in terms of assistance provided and operating method since it has street teams that help homeless people, but also has solidarity residences that aim to rehabilitate people with addiction and homeless people.

Founded in Lisbon in 2001, CRESCER-Associação de Intervenção Comunitária has intervention projects to promote health, lower risk and include vulnerable people. Its focus is on aiding refugees and migrants and combating addiction, and homelessness. Even though CRESCER only operates in Lisbon and does not have rehabilitation centres like CVPaz, its restaurant project and street intervention team actively involve people who have been or are homeless, integrating 75 people annually and offering resources for job market inclusion.

Moreover, João 13, created in 2015, has religious origins, as CVPaz, basing its name on chapter 13 of the Bible. Since its foundation, this organization has provided support to homeless people, giving them a space where they can have a meal, take a shower, receive washed clothes, and receive some health treatment. The biggest asset of this institution is the partnerships with NPISSA, Câmara Municipal de Lisboa and Santa Casa da Misericórdia. These cooperations allowed João 13 to establish itself as an important institution in its domain due to the quality of its facilities, its ability to gather information about the people who need help, and the resources that allow them to provide a quality service.

Finally, Círculo de Apoio à Integração dos Sem Abrigo (CAIS) was founded in 1994 to tackle the issues faced by the vulnerable population, working with both for-profit and non-profit groups. CAIS, which has operations in Lisbon and Oporto, makes use of several business alliances. Remarkably, the organization makes ends meet via a distinct BU that charges 2€ for the newsletter Revista CAIS, with 30% of its revenues being donated. With the help of this program, people will be able to reconstruct their lives and earn income for the organization.

2.3 Comunidade Vida e Paz's Diagnosis

2.3.1 Financial Diagnosis

2.3.1.1 Historical Indicators Evolution

After extracting all the information regarding the financials of CVPaz, an analysis was performed regarding its main financials. After analysing the financial performance from 2019 until 2022, it was possible to conclude most of its revenues come from subsidies and donations, and main costs from personnel expenses. By far the largest contributors to overall revenues in 2019 and 2020 - registering values of 82% and 85%, respectively - have been subsidies and donations. Under this rubric, the subsidies coming from public entities and the Government, on average, accounted for almost 68% of arising from Social Security and have been always higher than private donations since 2019 (Appendix 4). In the following years, a decrease of 20 percentage points was noticed in 2021 due to an increase in the same amount of percentage points of the rubric Sales and Services Rendered, going from 9% to 29%. This increase is explained due to the increase of services provided by CVPaz, coming from the treatment and beds they have and for which they receive money. The final point of Revenues is associated with other income, which remained constant with a rate between 6% and 8%.

Regarding cost analysis, personnel is the most relevant burden (increased from 47% in 2019 to 52% in 2022), followed by COGS, which has been approximately 23%, divided between purchases for their social and BUs, or arriving in in-kind donations, in which CVPaz pays a small fee. In 2022, the company registered 155 employees, decreasing 11% compared with 2021, and paid them an average amount of 14 116€ during the full year. Moreover, the last rubric is the external supplies and services, which account for 19% of total costs.

Evaluating the last 4 years, while revenues increased by 19%, costs increased by a higher proportion, of 22% (influenced by the Ukrainian war, and levels of inflation in Portugal),

presenting a negative value at the end. The Compounded Annual Growth Rate (CAGR) showed a significant increase in costs over revenues. However, it cannot be used as a final fixed number due to its inability to account for macroeconomic factors and volatility.

Looking at CVPaz's net income across the years (Appendix 5), it is possible to confirm a constant decrease from 2020 onwards. In 2019, net income was 124 000€, increasing by almost 30% in the following year. However, starting in 2020 it has kept decreasing at a higher pace, reaching negative values for the first-time last year. In 2022, the negative net income is explained by the increase of 14% in personnel costs and the increase of 13% in External Supplies and Services, which surpassed the increase in Sales and Services, and Subsidies.

2.3.1.2 Sustainability Ratio

In the framework of IPSS, the sustainability ratio is used to assess CVPaz's sustainability, mainly as it relates to its BUs, and measure if they create or destroy value. It is computed by dividing total revenues by total costs. A ratio of 1 would be the minimum required since it would show that revenues and expenses are balanced. A ratio that is greater than 1 indicates profitability, whereas one that is lower than 1 denotes unprofitability. A ratio of more than 1 is ideal for an IPSS since it indicates profit generation and financial independence to fund social projects. A recent decline to 0,9 in 2022 raises questions despite CVPaz's track record of success with a sustainability ratio above 1, emphasizing the relationship with net income (Appendix 6).

2.3.1.3 Financial Ratios & Capital Structure

CVPaz's financial diagnosis involves analysing its liquidity ratios, which are crucial for a company's financial health. By that, the liquidity ratio measures the ability to pay off current obligations without external funding or capital, showing a relationship between assets' liquidity and short-term debt. This ratio is important for a non-profit organisation like CVPaz, which needs to ensure daily operations and sustainability for the short and long term.

Then, the current ratio is used to measure the overall liquidity of an organization, highlighting the ability to pay current obligations using current assets. It should not be lower than the industry, as it may present a risk of distress or default. Secondly, the quick ratio, hidden in Appendix 7 because as an IPSS the inventory is low, is linked to the ability to cover current obligations using the most liquid assets, excluding inventories. Finally, the cash ratio measures the proportion of an organisation's total liabilities that total cash and cash equivalents can cover, indicating how much the organization can cover without selling or liquidating any assets. From 2019 to 2021, both current and quick ratios were higher than 1, while they decreased to lower than 1 in 2022, indicating a liquidity short-term problem for CVPaz. Relative to the cash ratio, this ratio has always been lower than 1, indicating that only cash assets are not enough to meet current liabilities. Moreover, a comparative analysis was done with the peers (CRESCER, VITAE, CASA, AMI, CAIS, João 13), in which is possible to see the difference between the CVPaz's ratios and the average benchmark ratio (Appendix 8). Since 2019, both ratios from peers have been higher than 1, and in 2022, the cash ratio converged to the same level as CVPaz's current ratio – below 1 – while the current ratio still represented higher levels compared to CVPaz. The values of each peer are presented in the (Appendix 8).

The last financial key point analysed is the Net Working Capital (NWC), which measures an organisation's ability to manage short-term debt and invest in future opportunities. A positive NWC shows that the company can finance its operations and can invest in future opportunities and growth. Since 2019, the NWC of CVPaz has been positive, reaching its highest value in 2020 (68 769€). On the other hand, the NWC decreased 367% between 2021 and 2022, and reached a negative value of 141 685€, indicating a future concern for CVPaz's future.

2.3.1.4 Each Unit's performance

To have a better view of its financial performance, the net income of each service was analysed,

both with business and social-economic impact. Specifying each service, it is known that the *Intervenção* is financed by public subsidies, arising from the social security, inserted in NPISSA. Relatively to *Tratamento e Reinserção* the revenues not only come from the subsidies to finance the day-to-day of the homeless in these centres and for treatments, but also from private institutions, as Santa Casa da Misericórdia. *Reinserção* is also mainly financed by subsidies in the last stage of CVPaz's main work.

Furthermore, the BUs have presented a negative result because their revenues are lower than expected. Then, only two projects generate revenues from the organization, and both are not organized as they should be: the project called Feira na Quinta, and Frescos ComVida. The third project included in this segment is a project that for now is not seen as a BU, hence just operates for social reasons, but the desired purpose is to start working as one, which is the bakery. Therefore, financial statements were analysed to understand this breakdown and CVPaz's services performance regarding their net incomes (Appendix 9). In 2022, *Intervenção* was the service that contributed the most to the lower results of net income, with approximately a negative result of 177 000€, followed by the sum of the BUs that have been decreasing year by year, reaching a minimum all-time value of around -59 000€. Regarding *Reinserção*, it is the social unit that has been more consistent over time, having a net income evolution opposite to the overall, reaching a first-time positive value in 2022. Moreover, the only social unit that contributes positively to the net income is the *Tratamento e Reabilitação*, which is the one that receives the most revenues from public entities due to their services provided. This pattern is present all over the years, having no differences in the unit's evolution.

To specify each BU, income statements were computed separately to calculate the net income, analysing their performance. Firstly, Frescos ComVida is the first structured BU created by CVPaz and has always presented negative results, showing the constant need to acquire external financing. Additionally, due to the low flow of the baskets and the high level of costs, it is the

BU that contributes the most to the overall negative results. (Appendix 10).

Moving on to the next BU, Feira na Quinta, which started one year ago and is the only BU that contributes positively in financial terms. However, only the revenues are separated from the main chart accounts, while all the costs are grouped by segments for the overall community. By that, some costs were made by assumptions, namely transportation and equipment costs. The only known costs are the rent of the Armazém 27, which is around 1 326€, but with the donation CVPaz receives, it only pays 326€, and the store has a monthly rent of 250€. Furthermore, last year the shop generated profits, and in 2022 from October until the end of the year, presented revenues of approximately 3 500€, VAT included (Appendix 10).

Finally, the last unit included in the graph below is the social bakery. To start making decisions, it was decided to include all the costs of the social project to estimate the break-even points to know what is needed to produce. By that, revenues are zero, while real costs were included as the baker's salary and assumptions were made regarding transportation, electricity, and equipment costs, namely relative to the oven and the industrial mixer (Appendix 10).

2.3.2 Organizational Structure

This chapter will consider CVPaz's current organizational structure, more precisely its organigram, based on the information provided in its annual reports and perceived from the meetings with the institution. In general, the main figure is the Patriarchy, as they are a catholic institution, followed by three important departments: the board of Directors, the General Council, and the Fiscal Council. Moving on, two important subdivisions, are represented by the general director, and the spiritual assistant. Lastly, there is one director per unit carried by CVPaz, with a person responsible for *Intervenção*, *Reinserção*, and *Tratamento e Reabilitação*, one person for the social projects, financial department, the human resources department, spiritual support, the organisation of Christmas party, communication, and marketing, and

finally for the administrative, financial, support and information technology (AFAI) services.

When analysing CVPaz's organigram, there is a general knowledge that besides the number of activities and projects, there is a centralized organisation structure, based in the headquarters, in Lisbon. This centralized strategy is mainly composed by the board of Directors, and by the employees who work in headquarters, such as Lucinda Caldeira who is responsible for all the administrative and financial services arising from the organisation. To specify each service, and according also to the meetings conducted, is it possible to define that even though there is a plan of communication within CVPaz, which does not work properly, and the internal communications are not organized, due to lack of information from the activities, which do not reach everyone it should. This lack of information is even more visible when looking at how the information from the BU's current situation is shared within the organisation. This could be improved, by involving more the headquarters and engaging in more meetings, which would promote inclusion and the opportunity to reach better decision-making as a group.

Finally, there is a specific person for almost every job in the centres and headquarters, because sometimes there are people who work in the headquarters that spend more time than they should be developing other functions that should not belong to them. So, it is a mix of an organised structure in most cases, but in other examples, some employees are overloaded with services, not prioritizing what they should. Summing up, CVPaz for an IPSS can be above the average of how an IPSS should be structured. Although the entity is not perfect, there are some steps it should implement to become even better. The full organigram can be seen in Appendix 11.

2.3.3 Impact Diagnosis

2.3.3.1 Theory of Change

The Theory of Change provides a logical structure connecting the inputs, activities, outputs,

and outcomes of an association or business to its social impact (Appendix 12). It helps understand the causal relationship between actions and desired results and effects. In this case, it will be used to explain how CVPaz can influence the resolution of social issues of individuals who live in a vulnerable situation. By that, the inputs include the resources invested in its activities, such as employees, partners, facilities, subsidies, and volunteers. Donations received by the institution and revenues generated by the BUs are also crucial inputs to consider.

Therefore, CVPaz's activities include distributing meals by street teams, helping an average of 370 people per day. Then, Therapeutical Centres that focus on providing food, healthcare, follow-up treatment, and professional training to its beneficiaries, are another important input. Additionally, events organised by the institution, such as the Christmas party, allow CVPaz to gather more support from volunteers, bringing food, clothes, and medical support to homeless people and vulnerable families. Consequently, the outputs correspond to how the beneficiaries of the institution were reached by its inputs/activities. Thus, CVPaz's activities and resources intend to help its beneficiaries achieve independence in their lives and treat them of their addictions. Then, other major outputs are the ability of its beneficiaries being capable of having a job and an autonomous life and ensure that they do not live in a vulnerable situation.

Therefore, the social outcomes, that correspond to the social effect both in the short and long term, were that after completing the program its beneficiaries were able to become qualified candidates for the job market. Furthermore, the high success and satisfaction rates in the therapeutical communities highlight the outcome of CVPaz's inputs and outputs. Considering the therapeutical community in Fátima, the satisfaction and success rates were 85% and 75%, respectively, and in the Quinta da Tomada, the success rate was 55% in the year 2022. This trend of high success rates was also verified in the reinsertion centres in 2022, with Quinta da Tomada and QES having 50% and 63,4% success rates, respectively.

Finally, the impact of all is the ability to make society more aware of the vulnerable situation that many people live in Portugal, and the improvement of the quality of life of the beneficiaries helped by the organization. However, the major impact is the fight against poverty and inequality where the organization can contribute to reducing the social inequality in the country through its activities and support.

2.3.3.2 SDG impact

It is now important to look at how its activities meet the SDGs and which targets and indicators the organization focuses its operations. The first one that CVPaz meets is the end of poverty in all its forms, corresponding to SDG number 1. Therefore, the target that should be highlighted with more emphasis is Target 1.a. which is the mobilization of resources from different sources with strong social cooperation to guarantee the end of poverty in all its dimensions by 2030. This target is measured by the indicators 1.a.1 and 1.a.2. that correspond to the total official donations that focus on the decrease of poverty as a share of the country's gross national income and by the proportion of the sum of all government costs with essential services (education, health, social protection), respectively. Additionally, the institution also meets other targets, such as Target 1.1. which focuses on the eradication of extreme poverty by 2030 (Indicator 1.1.1, which is the percentage of the population living below the international poverty line by sex, age, geographical location and status of employment), and Target 1.2., which focuses on the reduction by half of the proportion of men, women and children living in all dimensions of poverty (Indicators 1.1.1 and 1.1.2 that correspond to the percentage of the population living below the national poverty line, by age and sex, and the proportion of men, women and children living in all dimensions of poverty according to national definitions, respectively).

Furthermore, another SDG that CVPaz meets is SDG number 3 which aims to ensure healthy lives and promote well-being at all ages. The organization meets Target 3.5. which aims to

strengthen the prevention and treatment of the abuse of substances, such as drug abuse and excessive alcohol consumption. It is measured by Indicators 3.5.1 and 3.5.2, which are the coverage of treatment interventions for disorders caused by substance abuse, and the consumption of alcohol per capita (for people older than 15 years old).

Finally, the reduction of inequality within and among countries is the last SDG that CVPaz meets, corresponding to SDG number 10. The fight for an equal society leads the institution to meet some of the targets of this SGD, such as Target 10.1. that focuses on the achievement of income growth of the bottom 40% of the population at a higher rate than the national average, by 2030 (indicator 10.1.1 corresponds to the growth rates of household expenditure/income per capita among the bottom 40% of the population and the total population). Moreover, another target met is 10.2 which focuses on the promotion of social inclusion by 2030, regardless of sex, age, disability, religion, ethnicity, or other status (10.2.1, which the percentage of people living below 50% of median income, by age, sex, and people with disabilities).

2.4 Scope Definition

Considering all the information previously shared regarding CVPaz, it is important to qualitatively explain the next steps, how to improve each BU to guarantee a higher sustainability ratio for the organisation, and how to translate the higher performance of each service into effective impact for the overall community. To do that, the potential of each service was analysed and addressed to increase the organisation's financial position.

Firstly, a matrix with the current social projects was created: *Intervenção, Reabilitação & Tratamento, Reinserção*, and the business projects, *Frescos ComVida*, and *Feira na Quinta*. Moreover, the social bakery was included in the matrix, to understand how its impact and adaptability can be leveraged to create the third BU, which is one of this report's goals. Given the struggles the organisation has been fighting against, opening a third BU could be one of the

solutions for the short term, that could benefit CVPaz and improve its financial sustainability. The variables in this matrix were chosen to define the services that are flexible enough to adapt to new environments and opportunities, allowing for changes in their regular operation.

Regarding the adaptability assessment, some topics were taken into consideration such as changing the current location (1), increasing the number of vacancies, either beneficiaries in the social services, or the workers in the business units (2), updating the prices practised (3), creating new places to operate (4), and meeting the demand requirements (5). Each topic was given a number comprised between 1 and 4, in which 1 means not flexible at all, while 4 is very flexible, the evaluation was based on information gathered from meetings and documents. Appendix 13 corresponds to the tables of the Adaptability Assessment.

Then, it can be seen the difference between the ones that are mainly financed by third parties, and those more independent. *Intervenção* 's flexibility was awarded 1,6/4,0, given for operating in the streets, so there is not much flexibility to change, being sustained by external funding, so the only thing that could be changed is the number of volunteers and the paths done every night. Regarding *Tratamento & Reabilitação*, it was awarded 2,0/4,0, explained by the existence of many residential services, translating into higher flexibility. The same reasoning can be applied to *Reabilitação* (2,0/4,0), not only given the nature of the residential services but also the possibility of creating more. Although a contrast can be seen in the three BUs, it is possible to see that almost all of them have a score of three or better which is related to the fact that they are independent of financial support, being able to respond differently and to meet the surrounding needs.

On the other hand, with the information available gathered from the meetings with the organisation, a social impact assessment was conducted (Appendix 14), to evaluate the impact each service has within the CVPaz, and how does impacts the beneficiaries. It was considered

the same services as before, but the Feira na Quinta has no value because no beneficiaries are working there. By that, the different levels arise from 1 to 4, being 1 the no impact; and 4 the high impact, while 2 is low and 3 has a moderate impact. Firstly, *Intervenção Reinserção* stood out as the service with the most social impact (4,0/4,0), being the service with the most social impact in the beneficiaries' lives, since the last step of their progress, and only reached this stage proved enough to deserve a second chance. Also, *Tratamento & Reabilitação* is the second with 3,5/4,0, and then the three remaining services, *Intervenção*, *Frescos ComVida* and *Bakery* have the same evaluation of 2,8/4,0.

To conclude, it was created an Adaptability and Social Impact Matrix (Appendix 15) to determine which services are the most attractive to be developed and improved, and since the core target of this report is financial sustainability, only the BUs should be considered for this purpose. Therefore, the services that stood out the most were precisely the three BUs: Feira na Quinta with the highest scoring, then Bakery, and lastly Frescos ComVida.

will be the peer company considered to do this computation as it is the only one with data available. In 2022, the total sales amounted to 774 611€. There are 40 basket sellers in Portugal, of which 14 are in LMA. Assuming the same amount of revenues for each player in the market a final value of 30 984 440€ was reached as the market size value (Appendix 23).

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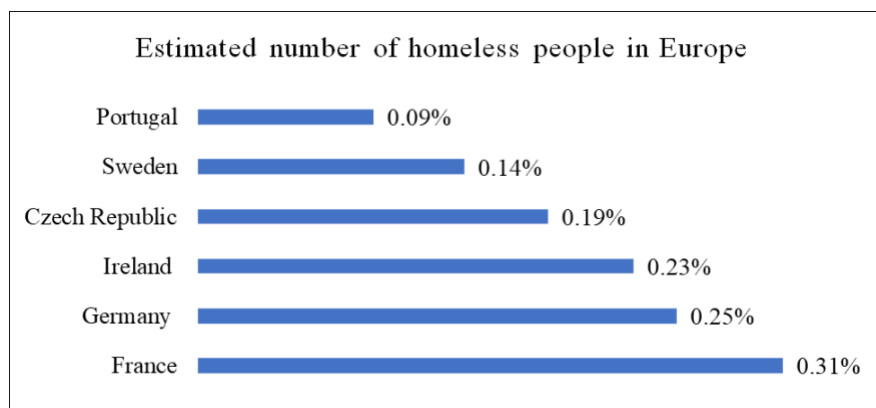
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Appendix

Appendix 1: Countries with the biggest number of homeless people per capita



Legend: In 2023 Portugal is placed 6th in terms of countries with the biggest percentage of homeless people in the country.

Appendix 2: Actual numbers from Comunidade Vida e Paz



Legend: Volunteers and beneficiaries have been growing within the community, increasing its impact on society.

Appendix 3: Market Landscape



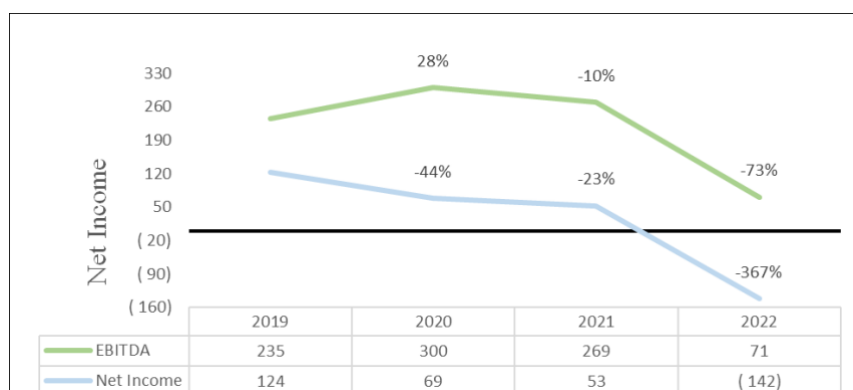
Legend: CVPaz competes with different market players. Some organisations play a key role in helping society with tools on how to embrace the homeless.

Appendix 4: Subsidies from public entities and donations between 2019 and 2022



Legend: Subsidies have always been much higher than donations, however in the past years donations have been equalling the subsidies, even being higher in 2021.

Appendix 5: Net Income Evolution



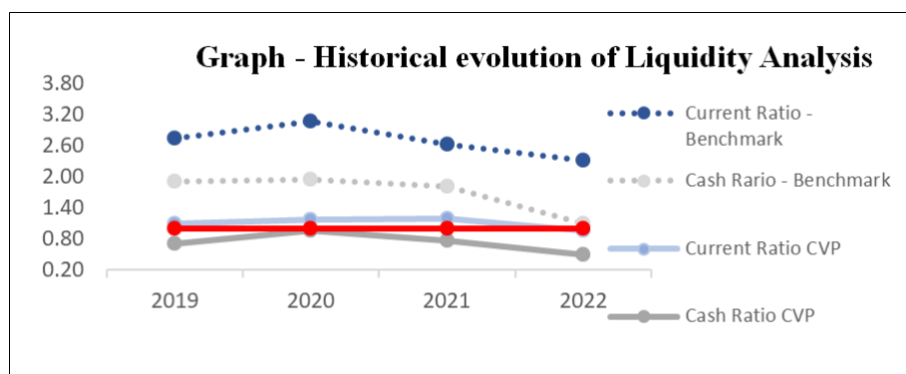
Legend: Net income has been decreasing since 2021, due to the decrease in revenues and an increase in bad macroeconomic conditions, as inflation.

Appendix 6: Sustainability Ratio



Legend: Value lower than 1 in 2022 raises financial concerns regarding CVPaz's profitability

Appendix 7: Historical Evolution of Liquidity Analysis



Legend: This graph shows that the current and the cash ratio of CVPaz remained constant between 2019 and 2021, and then decreased in 2022. The benchmark ratios also followed the same trend.

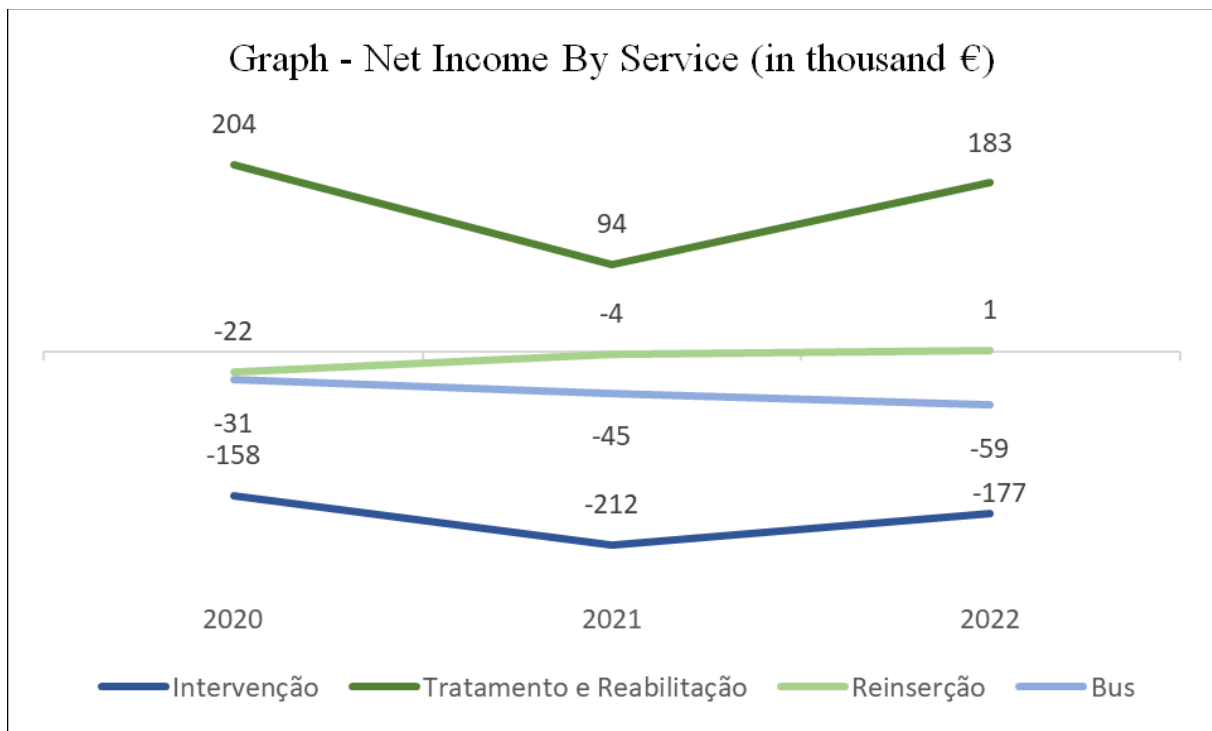
Appendix 8: Liquidity ratios per organization

Liquidity ratios per organization				
Peer	2019	2020	2021	2022
Current Ratio				
CVPaz	1,1	1,2	1,2	0,9
Crescer	1,1	1,0	1,0	0,9
VITAE	1,9	2,1	2,6	1,6
CASA	4,5	3,8	3,7	4,2
AMI	3,1	6,2	2,8	3,8
CAIS	3,8	3,1	3,6	0,0
João 13	3,7	4,1	3,5	2,5
Average	2,7	3,1	2,6	2,3
Quick Ratio				
CVPaz	1,7	1,6	1,7	1,9
Crescer	1,1	1,0	1,0	0,9
VITAE	1,9	2,1	2,6	1,6
CASA	4,5	3,8	3,7	4,2
AMI	3,1	6,5	3,1	4,0
CAIS	3,8	3,1	3,6	0,0
João 13	3,7	4,1	3,5	2,5
Average	2,8	3,2	2,7	2,5
Cash Ratio				
CVPaz	0,7	1,0	0,8	0,5
Crescer	0,8	0,9	1,0	0,8
VITAE	0,9	1,3	1,9	0,9
CASA	4,0	3,6	2,1	1,6
AMI	0,1	0,1	0,1	0,3
CAIS	3,2	2,9	3,3	0,0

João 13	3,7	3,8	3,5	2,5
Average	1,9	1,9	1,8	1,1

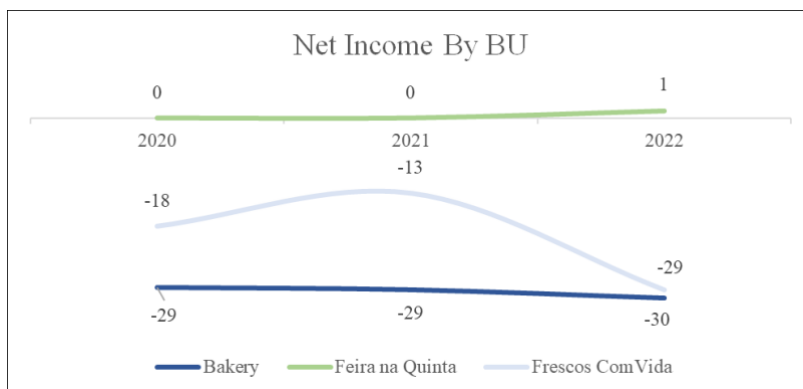
Legend: Regarding the different ratios, it is possible to observe that CVPaz is below the average in all of them (current ratio, quick ratio, and cash ratio).

Appendix 9: Net income evolution by service



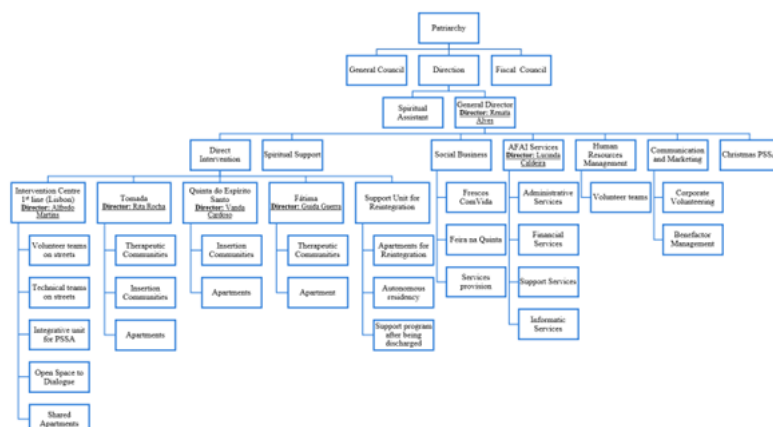
Legend: Concerning the services provided by CVPaz, Tratamento e Reabilitação is the only one that has a positive Net Income between 2020 and 2022. Intervenção and the BUs had a negative Net Income during that period, and Reinserção only had a positive Net Income in 2022.

Appendix 10: Net income evolution of each Business Unit



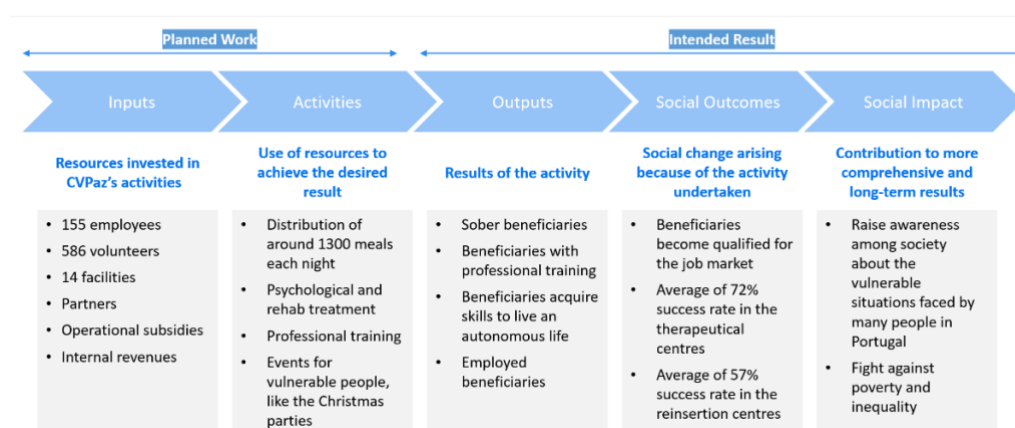
Legend: As can be seen in the graph below, only the store has a positive result, while the other two have been destroying the value of the organisation

Appendix 11: CVPaz Organogram



Legend: CVPaz organigram is divided into three crucial departments, followed by two subdivisions, and then one director per unit of the organization.

Appendix 12: Theory of Change Framework



Legend: With its assistance provided, CVPaz has a key role in the fight against poverty and inequality.

Appendix 13: Adaptability Assessment

Adaptability Assesment							
	Intervenção	Reabilitação	Reinserção	Frescos ComVida	Feira na Quinta	Bakery	Average
Ease to adapt when	Changing Location	1,0	2,0	2,0	3,0	4,0	2,3
	Increasing Vacancies	2,0	2,0	2,0	4,0	4,0	3,0
	Updating Prices	1,0	1,0	1,0	4,0	4,0	2,5
	Creating New Places	2,0	3,0	3,0	1,0	4,0	2,3
	Meeting Demand Requirements	2,0	2,0	2,0	2,0	4,0	2,7
	Average	1,60	2,00	2,00	2,80	4,00	2,6

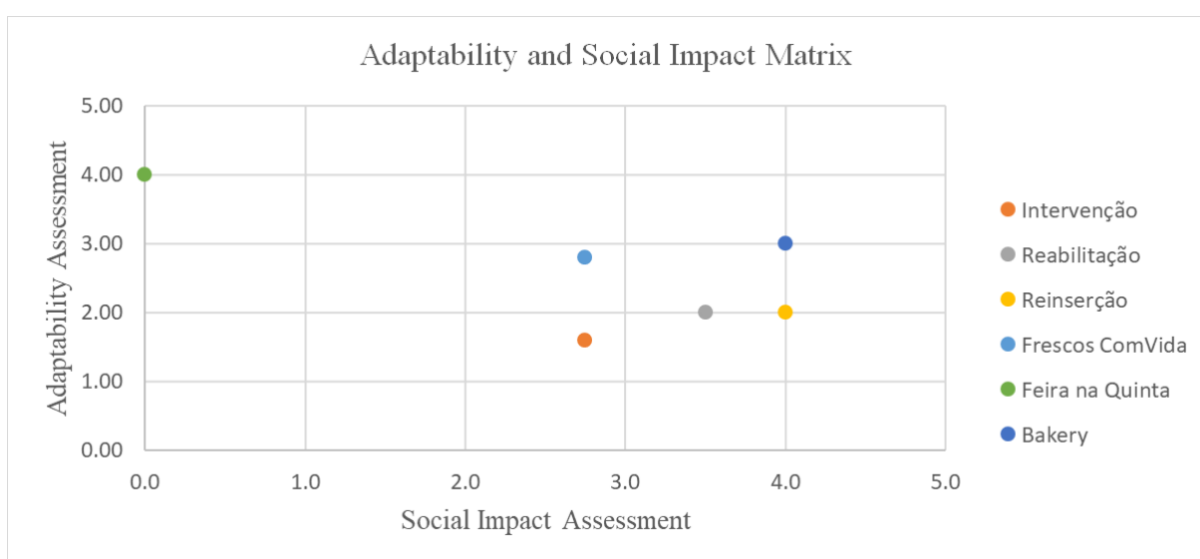
Legend: According to the adaptability assessment, the three business units are the most valuable and with the most potential to grow.

Appendix 14: Social Impact Assess

Social Impact Assessment								
		Intervenção	Reabilitação	Reinserção	Frescos ComVida	Feira na Quinta	Bakery	Average
Impact in term of	Behavioural Adaptation	4,0	4,0	4,0	2,0	0,0	2,0	2,8
	New Skills	3,0	4,0	4,0	3,0	0,0	3,0	2,8
	Physical Well-Being	2,0	3,0	4,0	3,0	0,0	3,0	2,4
	Autonomy in Daily Activities	2,0	3,0	4,0	3,0	0,0	3,0	2,4
	Average	2,8	3,5	4,0	2,8	0,0	4,0	2,6

Legend: By looking at this table it is possible to confirm that CVPaz's activities and BUs have the biggest impact on behavioural adaptation and the development of new skills.

Appendix 15: Adaptability & Social Impact Matrix



Legend: In terms of adaptability, Feira na Quinta stands out with the highest performance, followed by the Bakery, Frescos ComVida, Reabilitação, Reinserção and Intervenção. Concerning the social impact, Reabilitação and Reinserção have the highest scores, followed by Reabilitação, Frescos ComVida, Intervenção and Feira na Quinta.

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