COMMON METHODS USED IN IMPACT ASSESSMENT

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This Toolbox Note is an extract from the Application Guidance Note on Assessing Impact of Rural Enterprise Development activities. It summarises ten popular methods or tools used in assessment exercises.

1 Livelihood Asset Status Tracking (LAST):

LAST is a rapid means of scoring the combined livelihood asset status of households that can be used as a proxy for impact on livelihoods. It has the advantages of being simple and quick enough to give wide coverage; and of some analytical potential through quantitative aggregation / disaggregation by area and capital. It has the disadvantages of not explaining cause and effect and of being based on judgement. The tool is developed for a reasonably homogeneous area in terms of agro-ecology and ethnicity in participatory workshops involving a range of residents from the area. They create ‘word pictures’ for a number of stages from worst to best situation known locally, of each livelihood capital in turn. These incorporate locally meaningful indicators selected to have a balance between productivity equity and sustainability. The resultant tool is used in household enumeration as a guide for observation and discussion until the household can be ‘placed’ on the scale for each capital using the judgement of the enumerator which is then converted to a percentage score.

Blind precision tests of the method seem to give a margin of error of 5-10% between enumerators, accuracy can be tested by a sample of in-depth studies. The tool can be used for various purposes but a repeat panel survey in a large programme can give useful pointers of trends in emerging impacts. These can be used to target follow-up by Ad hoc Learning EXercises (ALEX), small internally initiated studies and reviews to answer broader questions of cause and effect. In combination, LAST and ALEX can provide management with a cost-effective system for detecting and learning from changes in the impact on beneficiary’s livelihoods of enterprises at the purpose level (Bond & Mukherjee).

2 Most Significant Change

This wholly qualitative method of IA uses selected brief accounts of what staff at various levels consider to be the most significant changes taking place in their areas of responsibility within a fixed period. These are open-ended and can be either positive or negative. The advantages are that field-level staff are free to choose and describe according to their own interpretation of what they think is significant. Also, at other levels staff are free to select according to their own criteria requiring reflection on what is important and why.

The system avoids data overload through selection yet still preserves the freshness of detail. Disadvantages include selection missing (perhaps consistently) certain types of information and the suppression of ‘bad news’ in certain managerial cultures. It is a simple system that can be used to supplement more quantitative methods of reporting on SME projects and
encourage ongoing reflection of good and bad impacts amongst various stakeholders (Davies R).

3 **BDS Performance Measurement Framework;** This matrix of indicators ensures both balance and choice in selecting indicators for a broad view of business development service projects. It also enables a more analytical assessment of the data from those indicators. It provides indicators that consider the various ‘goals’ of BDS programmes as scale of operation, outreach to under-served markets, impact on people’s lives, cost-effectiveness of operation and sustainability of services and benefits. The other dimension of the indicator matrix considers the main groupings of stakeholders in such programmes. These are, the customers being served (usually entrepreneurs), service providers to the customers, service facilitators as the agency designing and developing the project (can be the same as providers), and the market served by the enterprise. The advantage of this approach is that it integrates key stakeholders and considers broad goals in the selection and use of tried and tested indicators. It has the limitations of quantitative indicators (McVay).

4 Social Accounting

This system can incorporate various other methods but is a systematic way of ensuring that ongoing assessment is done of the achievement of non-financial objectives of an organisation. With social audit, it is taken a stage further and independent audit is done for public scrutiny, that can have commercial advantages in verifying the non-profit purpose of an organisation or in verifying ethical standards for market advantage. Social accounting is done in six steps. Social objectives and ethical standards are identified (mission statement), stakeholder groups are identified, in consultation social performance indicators are established, performance is measured and recorded in accounts, independent audit is done and results published. Once set-up an advantage is that the information is available for internal day-to-day decision-making. All information is linked to higher level objectives and so helps in the assessment of impact. The system may still be only as good as the methods used although deficient methods will be highlighted at audit (Evans et.al.).

5 **Rolling Baseline;** Lack of baseline information is a perennial problem in IA as baselines are necessary to measure change and for attribution but are expensive and have ethical difficulties. One way round this difficulty is to construct retrospective baseline information, but this has weaknesses due to selective and distorted recall. The rolling baseline uses the initial needs-assessment, Participatory Poverty Assessment, village profile or application data that is carried out as one group, village or individual joins the project and compares with others using the same methods, over time as they join. The assumption is that changes in the ‘control’ population are represented by new clients joining, so, for example, if the gap between those joining and those in the project widens, the project can be considered as having an increasing impact on its beneficiaries. The advantage here is that no special costs are incurred for baseline survey, a big problem for small interventions, and that there are no ethical dilemmas of control groups. The disadvantage is that those opting / selected for the project may not be representative (Oakley et.al. p141).

6 Simplified Cost - Benefit Methods; Conventional financial appraisal and evaluation of enterprises depends on a financial cost - benefit framework and methods, so are there simpler versions for monitoring the performance of large numbers of small enterprises, possibly involving illiterate beneficiaries? Two options may be of use, one uses income, labour time and fixed assets from application form and follow-up information in a user friendly way balancing rigour against ease of analysis yet still allowing for more rigorous analysis for evaluation (Haggblade). The other combines rigorous studies of sample enterprises to identify the key criteria / parameters of impact then seeks simpler assessments based on local indicators (of those criteria / parameters) and beneficiary judgement for monitoring impacts and identifying problem locations over a wider area (Bond et.al. 2000).

7 Group Development / Sustainability Self-Assessment:

Many rural micro-enterprise and micro-finance initiatives are based on small autonomous groups of beneficiaries and depend on the success and sustainability of those groups. These can be monitored independently, but much is to be gained for the groups themselves from periodic self-assessment. Even without the monitoring aspect, self-assessment raises key issues for reflective discussion and future action. This process can be tapped into by management for the additional benefit of managerial learning about the effectiveness of support over wide areas. A method was developed by the Peoples Participation Project of the FAO. A participatory workshop explores with experienced group members what are the important criteria for group development and sustainability. These can be subdivided into elements and even given relative weightings if desired. Each criteria or element is then converted into four graded questions for the group to self-assess. These are framed to present a range of questions from a completely unacceptable situation with great need for improvement to an almost ideal situation with almost no room for improvement, scored respectively from 0-3. The group poses these questions to itself periodically to stimulate discussion and reflection, recording a consensus score each time. This method is an example of a qualitative assessment converted to a quantitative score capable of analysis over time and wider areas (Uphoff 1991; and Bond & Mukherjee 2000).

8 Tracing Leavers:

This very simple method is included because it is not yet common practice. Impacts are usually assessed by examining positive and negative aspects of impact on current primary stakeholders. It is often forgotten that much is to be learned from the (generally negative) experience of primary stakeholders no longer with the project.

9 Algedonics:

These are systems set up to alert monitors only when significant parameters are crossed thereby fulfilling an important function without data overload. With IA systems for ED these may be alerts for enterprise failure, sudden changes in livelihood asset status, groups achieving high sustainability self-assessment scores (for support disengagement), low output of BDS service providers etc. They all imply some form of observation and measurement but analysis and reporting requirements are reduced.

10 PRA / PLA:

Participatory Rural Appraisal (Mukherjee) and Participatory Learning and Action are an approach and family of techniques used to facilitate the participation and control of marginalised and/or illiterate people in change. PRA encourages their analysis while PLA is for them to take control learn and change from that analysis. These popular methods are included in many of the points above to ensure genuine participation.

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