Impact and Aid Effectiveness: Mapping the Issues and Their Consequences

Introduction

In this virtual Bulletin we bring together ten articles dating from across three decades. They all address Impact.

From the outset, we note that there are a number of common threads and ideas that stretch across all the articles:-

- the implicit emphasis of all the articles on complexity
- the breadth and depth of impact analysis, from the national level to the individual
- the importance of knowing the audience for any evaluation or impact assessment
- the virtuous cycle that can be created by using insights into impact to adjust interventions
- the dependency of that virtuous cycle on participation and engagement of programme staff and clients.

What we notice however is how the articles framing these issues vary according to discipline and research site. We also see how some ongoing preoccupations have been shaped by their proximity to other debates or policy concerns. Our hope is that hindsight will provide some perspective for practice and policy going forward.

Complexity in its place

Drawing from *IDS Bulletins* over the last 10 years, with articles sharing the lessons learned over a span of 30 years or more, the articles form a coherent narrative on M&E and particularly 'impact'. But 'impact' is so much more than whether the intended programmatic Goal was reached. Many of the articles challenge the linear thinking that has dominated the development sector – if we do this, this will happen, and we will reach our Goal. They seek to examine unintended impacts, to present frameworks for considering impact and note how difficult it is to measure impact (or even to know what to look for).

Together their common theme is complexity. None of them explicitly refer to the relatively recent but growing body of work on complexity theory. Yet all of them talk of complexity in implicit terms. Kinsey (Kinsey 1976), one of the older articles, begins to talk about the challenges of managing programmes; at one point in his paper he states 'The managerial task is made even more arduous by multiple, ill-defined and sometimes conflicting goals, by the conflicts created by the parastatal nature of projects, by the human relations problems associated with a highly disparate staff, and by intricate problems of multiple financing, logistics and administrations'. What is this if not complexity? It describes the complex human relationships with 'ill-defined and conflicting goals'. There is an increasing awareness of how relationships inform outcomes, and how social networks can strengthen or undermine development activities. At the same time conflicting agenda is being acknowledged in innovative monitoring and evaluation work such as Outcome Mapping (IDRC 2010)[1] and the work of Cognitive Edge (Snowden 2010).[2] And the short statement also describes the complexity associated with institutions. Organisational learning, Knowledge Management. These are all challenges to understanding impact.

Nearly two decades later Greeley (1994) discusses the complexity of poverty measures. He presents an evolution of ideas, from the starting point that income data can indicate poverty, through the rise and fall of welfare economics, to a place where the world continues to develop alternative indicators of human development, a process and discussion which is carrying on 15 years after his paper with the publication of the new UN indicators (UN 2010).[3] This struggle to define the problem – what exactly is poverty – clearly affects our capacity to measure it and outlines the programmatic challenge of developing an impact methodology.

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One of the most recent articles in the collection, 'Impact of Microfinance on Rural Households in the Philippines' (Kondo *et al*. 2008) describes a very specific attempt to measure the impact of microfinance in one country. However they describe how they have had to modify the research design of others to take into account complex factors. Indeed they echo and build on Kandars (Khandker 1998) earlier overview of the complexity of evaluating a microfinance programme.

Complexity is something the development community is only recently explicitly acknowledging, and yet can been seen in the research and writings on impact for the last three decades (and if we are realistic, can be seen in the writings of philosophers the last 200 decades!).

How then can this complexity be taken into account? In the following sections, the articles seem to suggest two answers:-

- One lies in knowing the audience of the impact study, i.e. the level of engagement and analysis, being clear about what level of detail is required and restricting the modelling and analysis to that relevant level
- The other focuses more on process – embedding participation as far as is possible.

Let us first consider the audience of the impact study.

Macro to micro – know your audience

Impact methodologies need to be able to scale different positions in time, geography and organisational context. The articles are structured to provide a survey of the various levels of impact development interventions may have. Development actors will tend to relate the word impact to their level of responsibility and the articles span a diverse cast of interested actors.

The Macroeconomic actor who is concerned with the National Balance sheet will want to know what impact development aid is having on the Global debt crisis, a countries credit rating, inflation, imports and exports. In the paper 'Macroeconomic Evaluation of Programme Aid: A Conceptual Framework' (White 1996) White attempts to present a framework for such questions, and using 20 years of data illustrates how imports were affected by the provision of development aid. At this level too, Greeley (1994) discusses the national indicators of poverty and how they can be used to determine national interests, and allocation of development assistance.

Of course, when discussing development assistance and what it is used for, there are audiences that might be more interested in whether their money is being effectively used to alleviate or reduce poverty – the donor agency, the borrowing government and project managers. Kinsey (1976) as part of his introduction outlines the roles of monitoring and evaluation. He declares

Three different 'audiences' for evaluation studies may be identified:

i) *The lending or donor agency*
The primary concerns of this agency are to ensure that the terms of a loan are being adhered to and/or that a project is generating benefits more or less in accordance with those projected at appraisal. Chief emphasis is placed upon rate-of-return cost-benefit criteria and disbursement scheduling.

ii) *The borrowing or recipient government*
The borrowing government also has an interest in seeing that the terms of a loan are met and that benefits are resulting as expected, but an equally important concern arises from the need to prepare loan submissions for new projects and additional phases of existing projects.

iii) *The project management*
Project management is involved on a day-to-day and month-to-month basis with the implementation of a project design and with progressive modification of design to ensure that short-term tactics are consistent with longer-term goals.

However, back in 1976 he notes that 'As the FAO volume laments, "it has still not been possible to use effectively the results of the numerous project reviews as feedback for future programming or project formulation or for the development of an evaluation methodology."' These sorts of statements and conclusions represented a body of work that challenged M&E approaches of the day.

Thirty years later in the interestingly titled, 'You Can Get It If You Really Want' Ruprah (2008) discusses the experience of the InterAmerican

Development Bank and its M&E. The opening paragraph states

> The Center for Global Development asserts, 'For decades development agencies have disbursed billions of dollars… Yet the shocking fact is that we have relatively little knowledge about the net impact of most of these programs' (Savedoff and Levine 2006; CGD 2006). The criticism is accompanied by a proposed minimum standard of knowledge: 'To determine what works... It is necessary to collect data to estimate what would have happened without the program... [only thus is it]... possible to measure the impact that can be attributed to the specific program'. The criticism also contained a note of despair; and it called for an independent evaluation entity to ensure rigour in the evaluation of development programmes.

However, instead of despair, Ruprah's article (2008) brings a small note of hope.

> OVE's experience adds to the growing evidence questioning the validity of the arguments against impact evaluations. The litany of arguments normally consists of: it is too difficult; it is too expensive; too few governments will agree; and there is no institutional mandate. Thus, the challenges faced by and the experience of OVE contribute to understanding the real-world approaches to impact evaluations.

Adding to this official view of a multilateral Donors OVE, in 'The Role of Evaluation in Accountability in Donor-Funded Projects' (Edun 2000) Edun reflects on the contribution of donor aid to the Nigerian Health sector. Donors continue to be engaged in funding large programmes of work either through the programmatic approach or as a part of budget support. Interestingly he concludes that community participation in both the M&E and the reflection and redirecting that M&E points to leads to more effective programmes.

Continuing with this macro lens on the articles we turn to two articles which address the public sector and its role in shaping monitoring and evaluation theory and policy. Goslin (1977) discusses how to improve the training and capacity building of public policy administrators, and Chambers (1974) describes the important role of capacity building of local government in rural programmes in order to manage them effectively. He declares the importance of the learning cycle at staff level.

Finally we come to the audience who want to know the details of how these programmes are affecting peoples' lives, their households and their livelihoods. What can we know about the effect of all this work on households and livelihoods? While they have been implicitly considered in many of the articles above, the two key articles that focus on this level look at the complexity found in microfinance.

In 'Micro-Credit Programme Evaluation: A Critical Review', Khandar takes us through the options for considering the impact of MicroCredit. Again, the review looks at the different audiences for the evaluation. Khandar states 'Micro-credit programmes are seen as financial intermediaries. Not surprisingly, a large body of the micro-finance literature dwells largely on the financial viability of targeted credit programmes. The primary concern of this literature is the cost efficiency of microfinance institutions.' This remains true to those agencies that are using Micro finance as Micro banks. There is a move today towards savings, and 'leverage of capital' is the subject of discussion among a substantial number of MFI Managers. But as Khander continues, he points to a different set of priorities. He suggests that some managers assume that 'The output of efficient rural financial intermediation leads to the desired development impact... The twin criteria of outreach and self-sustainability become the yardstick of microcredit programme evaluation'. The paper develops Khander questions these assumptions, and draws attention to potential directions of inquiry and intervention, 'A second body of literature, therefore, focuses on the direct impacts of microfinance on poverty reduction and other dimensions of household welfare.'

As the article develops we are drawn into the complexity we find even at the household level. Khander shows that 'even if participants do benefit from microfinance institutions, such programmes may hurt others in society or may achieve benefits less efficiently than alternative programmes'. Kondo *et al.* (2008) illustrate this complexity by undertaking a rigorous research and evaluation.

> The study used a quasi-experimental design (from Coleman 1999) to control for non-random programme participation and fixed-effects estimation to correct for non-random programme placement. In addition, it included former clients to correct for non-random attrition/dropout problems which were not considered in the original Coleman (1999) design.

Similarly, Chambers (2010) emphasises that the poor are more than capable of generating data and analysing its relevance. He notes that ' "*They can do it*". Farmers and Pastoralists have far greater capabilities than most professionals have supposed.' When quantitative participatory processes are used as part of an impact assessment, they are able not only to inform the professionals and feed the upward accountability required, but as Chambers notes, there are

> benefits through farmers' and pastoralists' learning, action and voice, through the timeliness, relevance, scope and quality of the influence of the process and findings on professional learning and change, including capacity development, programme, projects and policies.

Farmers and Pastoralists know their livelihoods are complex systems that required nuanced enquiry.

In the articles we can see a breadth of views from the macro to the micro that various audiences might require. From the unintended macro effects of development aid on the national economic balance sheet (White 1996), to the national choices that need to be made in policy (Greeley 1994), we pass through the concerns of the donors that their money is being used wisely (Kinsey 1976; Ruprah 2008; and Edun 2000), to programme managers. Programme managers also want an overview of what works and what doesn't (Kinsey 1976; Ruprah 2008; and Edun 2000). Many programmes work alongside government and include capacity building, so Government and Programme Managers both want to know how best to implement training programmes for administrators (Goslin 1977; and Chambers 1974). All of the above want to really know how people move out of poverty and the details of interventions that work. Two articles focused Microcredit (Khandker 1998 and Kondo *et al.* 2008) illustrating the complexity at household level, and Chambers (2010) calls for inclusion of those households in setting the agenda of study and of enquiring about the complex systems.

This line of analysis (particularly Khander's article) has implications for how we might blend quantitative and qualitative methods. Essentially it means allowing for multiple lines of enquiry starting with the needs and perspectives of particular stakeholder groups and then developing methods that respond to their schema – as opposed to methods that derive from disciplinary 'tribalism'. This brings us to the other theme of the articles; that audience participation provides a mechanism that includes complexity and enables learning and change to be embedded in impact assessment.

Audience participation

As we have said, the other thread that runs through the articles, audience participation, explores the virtuous cycle that can be created by using insights into impact to adjust interventions. However the articles show, this is still not happening regularly and depends a lot on the demand for learning, and the involvement and participation of all stakeholders.

We can start by acknowledging where there is agreement. The movement of people out of poverty needs to be monitored. Programmes and interventions should be evaluated. The pathway or map of the impact of this work needs to inform future action.

Hence in Kinsey (1976) the idea of Project Evaluation Units is discussed. In this early paper he ends on a hopeful note and says that lessons must be learned around the audience and the demand for evaluation analysis. 'PEUs can be entirely effective only when the demand for information is thoroughly and accurately specified, and when they are provided with the resources to permit them to supply the information demanded.'

However 20 years later Khander, who analyses the influence of an independent evaluation unit (the OVE of the IADB), is not so hopeful – the organisational and managerial demand for learning is not there in the day-to-day operations of a large multinational.

> The asserted 'shocking fact' of ignorance of development effects is correct for IADB... Thus OVE's experience bodes ill for the proposed independent international evaluation entity. The challenge is not the feasibility of impact evaluations at the retail level; OVE's experience reveals this is entirely feasible. *The real challenge is to succeed in convincing actors in the international development community to measure the impact of their programmes and in doing so to obtain the scale needed for an effective virtuous cycle of improving lives through evaluation*. After four years, OVE has been unable to convince its own institution of the virtues of impact evaluation. [our emphasis]

Ten years after this article was published the ALINe initiative at IDS has been building mechanisms in the agricultural sector which attempt to put claimed beneficiaries at the centre of aid effectiveness. The difference between impact assessment and effectiveness is characterised by a concern in the case of the latter with monitoring and management mainstreaming. What is implied by the work of ALINe and others is that impact has become too closely associated with reporting mechanisms for donors.

Edun (2000) takes this failure to learn one step further and suggests that it is not only the organisation that is not learning. He notes that [Health programmes]

> are complex undertakings requiring detailed planning at all levels, close coordination of project components, careful training and supervision of personnel and continuous evaluation of programme implementation and impacts. If they are to be successful, the lessons of the past strongly suggest that there is a need for community involvement in evaluation processes, and consequent project modifications at all stages, to ensure the acceptability and cost-effectiveness of the project from the perspective of the intended beneficiaries.

Although Greeley's paper (1994) is about the capacity building of policy administrators and their studies, the key lesson comes back to the themes above, that organisational learning and demand for learning is not easily inculcated. He states 'These issues are complex enough, but the primary problem is to establish clearly in the minds of evaluators the precise goal of their activity... Ultimately no programme can develop predictably and achieve its ends unless it incorporates a process of evaluation.' He also points to participation as the key for demand: 'Indeed, it is difficult to imagine a successful study programme which did not, on a continuous basis, require and facilitate the collection of data by staff involved in the work, its organisation and components.'

Chambers (1974) gives us a practical example of this learning loop. He describes how during implementation, participation throughout the organisation by different levels of staff led to virtual cycle changes

> The meeting required staff of different departments, and sometimes of different levels in the same department, to come together. The first year's experience showed dramatically that the biggest bottleneck in rural development was fund releases in Nairobi, and in subsequent years the headquarters ministry officer responsible for funds attended the meetings and accepted commitments to deadlines in the presence of his field colleagues.

Over 25 years later Chambers (2010) gives us an overview of how this participation at project and household levels is being applied. He maintains that

> The evidence is now stronger than ever that participatory methods and approaches can generate good numbers and statistics; that through participatory comparisons almost any dimension that is qualitative can be quantified; and that farmers and pastoralists can gain from participatory analyses that generate numbers, both for their own understanding and action, and through amplifying their voices.

The lessons from the Microfinance articles are numerous and complex. However, even here we find the recurrent theme of a reflective cycle. The study (Kondo *et al.* 2008) confirms what Mosley and others have long said, that 'This indicates that among poorer borrowers the cost of and availability of programme loans appears to be insufficient to stimulate them to select more productive activities that will not only cover the cost of borrowing but also earn them some profit.' The practical outcome of this is often that microcredit programmes switch their

Other issues to look out for

- Using a counterfactual approach that aggregates the fungibility of the balance of payments of any national budget, White provides an example of where development aid seems to have unintentionally 'contributed to higher imports. In the last two years covered by the analysis, half of aid has been used for this purpose and one half for debt service'.

- Greeley (1994) challenges the ongoing move towards more nuanced welfare measures. He states 'It is fashionable to advocate such (welfare) measures both at national level – indicators of good governance etc – and at community level – quality of life indicators etc. When the supposed beneficiaries of development policies are suffering from acute material deprivation it is not self-evident that these represent an improvement over well-defined household-level income indicators.'

- 'Finally, the study also found no significant impact on household assets or on human capital investments such as health and education. It appears that the slight impact on income and expenditures was not sufficient to drastically change either accumulation of household assets or human capital investments.' Greeley (1994)

- 'The survey of agricultural M&E (Lindstrom 2009) revealed a paradox: accountability to "beneficiaries" and their empowerment were considered the two weakest functions of current agricultural M&E; yet developing new M&E models and tools was rated the lowest but one in importance of eight different approaches to improving M&E in agriculture' (Chambers 2010).

focus to those clients that seem to be getting something out of the programme. The implication of this is

> a need to regularly assess the economic status of clients to avoid drifting away from the focus on poor and low-income households. This cannot be emphasised enough, considering that MFIs may not have sufficient motivation to seek out poor clients. Finally, considering the regressive impact on income, there is a need to assist the poor in improving the selection of projects so that these do not only ensure repayment of the loans but also generate ample profit.

This is a call for ensuring field staff are assessing their client portfolio, and for the community to sit and reflect on what is working and what is not. Bulletin 41.6 is dedicated to exploring the programmatic implications in the agrarian sector.

The value of learning about impact is in making adjustments to the interventions as you go along. Whether this is at an individual level – helping the poor to learn what works and what will make a profit – or at the national level – considering the impact of policies that affect the national balance of payments. In this selection of articles we hear challenges across the spectrum of interventions – reflect on impact, communicate the learning to the appropriate audience, and create a learning environment by which managers can adjust their actions.

Conclusions

This virtual Bulletin potentially leads the reader into a more nuanced understanding of the potential and importance of learning about the impact of development interventions. In a complex world few things are straight forward. Linear logic, encouraged and enshrined in so much of the development sector, just doesn't stand up to scrutiny. Even these articles – which don't articulate complexity as a science – weave it constantly into their narrative. They describe the real world challenges of development activity.

In such a world how can we reflect on these complexities? Can we put in place frameworks, modelling and data for the different development actors – from macro national planning to micro household profitability? The articles demonstrate how these things can be considered, and that throughout the development sector researchers and practitioners are working to do so. They suggest two focuses – ensuring there is clarity on the audience of the impact study, this clarifies the level of detail required and restricts the modelling and analysis. The other focus is on process – embedding participation leads to learning and generates the required conditions for change even in complex situations.

The meta narrative of the articles is that while, with some effort, the data can be gathered, the main issue focuses more on the audience. Are programme managers enabled to reflect on the lessons learned in a timely manner? Can they adjust their programmes in the light of such learning, or do pre-prepared plans prevent managers changing the programme? Are staff and community enabled to reflect and learn? Significantly, have our methodological innovations over the years sufficiently responded to the positions of our audience and users. The call for over 30 years has been – enable people to understand the outcome of their actions and to improve their own interventions, whether that is at a national or an individual level.

Endnotes

1 Earl, Sarah; Carden, Fred and Smutylo, Terry (2001) *Outcome Mapping: Building Learning and Reflection into Development Programs*, IDRC, 120pp ISBN 0-88936-959-3; e-ISBN 1-55250-021-7

2 Snowden, D. (2010) *The Origins of Cynefin*, blog available at www.cognitive-edge.com/ceresources/articles/100825%20Origins%20of%20Cynefin.pdf (accessed 1 March 2011)

3 *Incomplete Multidimensional Poverty Index*, launched July 2010 with overview at http://hdr.undp.org/en/statistics/mpi/

Full reference

UNDP (2010) *Human Development Report 2010*, 20th Anniversary Edition, 'The Real Wealth of Nations: Pathways to Human Development', New York: UNDP, http://hdr.undp.org/en/media/HDR_2010_EN_Contents_reprint.pdf (accessed 1 March 2011)