

# **IMPACT MONITORING – DOES IT MAKE A DIFFERENCE?**

Conclusions of the survey on application of impact monitoring (IM) tools and methods in TENEDEP projects

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## **1. Background**

Today in development co-operation the demand on quality of projects/programmes and the effective and efficient use of funds is increasing. Thus, the GTZ is under pressure to demonstrate the impact of their development interventions in terms of concrete development achievements. In this light, new guidelines for impact monitoring for projects in economic development and employment promotion have been issued by GTZ<sup>1</sup>.

In this context, in mid 2001, the task team<sup>2</sup> on project impact monitoring (TIM) of the Technical Network for Economic Development and Employment Promotion (TENEDEP) sent out questionnaires to 30 projects to get a clearer picture of impact monitoring within this network. To get viable results, the task team requested then the independent consultants Nell and Shapiro to analyse the returned questionnaires.

The consultant's paper gives findings and recommendations, which can be quite beneficial not only for the projects and programmes within the network but also for GTZ itself in terms of how to assess the impact of their undertakings and how to use the project planning matrix (PPM) as an appropriate tool for IM purposes.

This article will provide a brief summary of the survey and in addition it shows how projects within TENEDEP took the increased demand on impact monitoring into account, with a closer look on ISTARN (Informal Sector Training and Resource Network), because they have an advanced approach on IM, and on the efforts conducting small business baseline surveys within the framework of the SME Sector Promotion project in Namibia. Additionally, this article comments on the project approaches in connection with the recommendations and findings of the consultant's paper. Furthermore it will give a brief recommendation how TENEDEP and GTZ can proceed with the information provided.

## **2. The Nell and Shapiro Paper**

The consultants were requested to analyse the returned questionnaires and related documentation issued by TIM in respect to impact monitoring practices and to the role of the project planning matrices (PPM) with regard to impact monitoring in the projects.

### **2.1 Main Findings on Impact Monitoring Practices**

The main findings from the analysis of the questionnaire can be enumerated as follows:

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<sup>1</sup> Vahlhaus, M. and Kuby, T.: Guidelines for impact monitoring in economic and employment projects promotion projects with special reference to poverty reduction impacts, Part 1 and 2, Eschborn, March 2001

<sup>2</sup> Michael Hamp, Carlo Hey, Günter Schröter, Horst Sommer

- Very few of the projects seem to be monitoring impact at all, most of them monitor results and report on activities and outputs. And even if they do so, impact monitoring only happened on **Level 1**. Level 1 is defined as impact assessment of the value, degree and/or pattern of change related to interventions/major activities at a certain point in time.

ISTARN seems to be the only project in the network with a claim to **Level 2**. Level 2 is defined as a regular, systematic observation and collection of information to measure impact on the bases of indicators

In fact none of the projects/programmes conducted IM on **Level 3!** Level 3 is defined as impact research, which accurately measures the change that reliably can be attributed to an intervention.

- The GTZ guidelines for IM - the Kuby and Vahlhaus work – are not used extensively

More specific findings on IM are:

- All project/programmes within TENEDep dealing directly or indirectly with poverty alleviation as a general thrust. In the project documents submitted, very few projects however described the actual problem or specific elements of the problem, which the project was intended to address, as significant variables in relation to IM.
- IM tools and instruments are seen as requiring external expertise to actualise them. However, while some support may be needed in analysing data, it is clearly understood that the most effective IM at the project level is done by those directly involved in the project, i.e. the stakeholders.
- The cost/benefit question needs further clarification from the task team. In this relation the 5% guideline is a useful clue, when the indicators are set right. (See also comments on the PPM)

## 2.2 The Role of the PPM in Impact Monitoring

As GTZ has changed emphasis on IM, the PPM remains a crucial tool for projects and programmes to conduct useful IM, and in shaping project independent evaluation.

Throughout the report the consultants mentioned the under utilisation of this tool. On project purpose level, the level where important parameters for IM can be provided by setting the right indicators, most projects even do not set indicators at all. There the main focus is on results. This is the consequence of the usage of the PPM in the old manner, as it was a common understanding within GTZ that the PPM emphasises on results as a measurement of success or failure of a project. To measure impact it is necessary to analyse whether the achieved results are to our client's satisfaction. Setting the right indicators on purpose level can attain this.

Another critical issue is the availability of baseline data while setting indicators. If baseline data were missing it would be nearly impossible to measure the exact impact of the project intervention after the situation has changed. To figure out the starting point after a certain period of time has passed, again, is nearly impossible.

An overall conclusion is that the PPM is not used rigorously enough for PIM purposes. Or in simple words:

**Poor indicators on goal and purpose level will lead to poor impact monitoring.**

Therefore, TIM raises the question, what are the reasons for poor indicators and what kind of support is probably required to enable projects to develop “more rich” indicators and “to sharpen the instruments” for effective IM.

### **2.3 Recommendations**

Those recommendations based on the consultants’ analysis, which have relevance for the next steps in the work of TENEDep, are as follows:

- Impact monitoring should be seriously built into the PPM
- The centre of IM should be located in the local staff of the project
- The Kuby and Vahlhaus guidelines should be presented in a simplified manner
- TENEDep or GTZ should begin to promote the development of broad sector impact indicators

### **3 ISTARN Impact Monitoring System**

The Nell and Shapiro paper mentions that only the ISTARN Project is a project that conducts IM on Level 2. Thus, it is worth to have a closer look on their approach. So that other projects within the network can gain from their experience.

ISTARN already started to create a pilot impact monitoring system before the consultants looked at the issue.

Revising the indicators on goal and purpose level at a workshop started the system. At this workshop ISTARN staff also agreed that:

- The stakeholders should be involved in the process during project design and during the assessment of impact
- Impact monitoring is an integral function of the project

Then a sub-programme of ISTARN the TAP (Traditional Apprenticeship Programme) was identified as a pilot so that the entire project can learn from the experience. Two questionnaires were developed, one for the enterprise owner who hosted the TAP apprentices and the other for the TAP graduates. During the coding and analysing of the data the questionnaire was improved in terms of structuring. After gathering the information’s using the two questionnaires a data analysis on impact was carried out.

Now the project benefits from the questionnaire in terms of decision-making as well as the target group who received viable data on how their businesses are performing.

From this brief explanation of the ISTARN approach on IM it can be seen that ISTARN hits most of the issues meant to be a viable IM system on Level 2 due to the findings and recommendations of the TIM.

Meaning:

- Adjustment of the PPM on goal and purpose level
- IM done by those directly involved in the project
- System not only donor driven, target group benefits too
- Project takes responsibility for impacts

Unfortunately the project is lacking baseline data on status of graduates prior to TAP, which makes the measurement of impact inaccurate. The SME Sector Promotion Project in Namibia has established a good framework for IM by collecting baseline data in seven regions, covering more than 80% of the country's population. However, the system developed is used to assess on the impact of the SME sector on the Namibian economy as well as the impact of the project's support on the performance of SME only quite recently. .

Up to now, there is no document available that shows how a project or programme would like to achieve Level 3 of impact monitoring.

#### **4 Conclusions and the Way Forward**

Impact monitoring – Does it make a difference? Those who want to see the impact of our interventions already draw their conclusions. So the answer is: “Yes, it does!” The question now is “How to create an impact monitoring system, which hits the different demands?”

Good work has been done so far by TENEDep and the network survey initiated by the TIM gives a detailed picture on how IM should be carried out in the light of the new GTZ guidelines and the increasing demand of third parties on that issue. However, the recommendations given are going far beyond the current stage of impact monitoring practices within TENEDep (e.g. How can we expect stakeholders to be committed to IM when the project itself has no clear vision of impact monitoring?). It means most of the projects/programmes probably are not yet ready for the implementation of the recommendations.

This is because:

- Most project/programmes may not see the demand of IM and thus they are not prepared to establish an IM system.
- It seems that there is no practical guideline for the projects available on how to create an IM system

These findings lead to the following recommendations for TENEDep:

- Emphasis on the importance and value of impact monitoring – more lobbying is needed within the network and GTZ
- Evaluation on the question why the GTZ guidelines on IM are not applied extensively with a closer look on the practicability of the guidelines in terms of how to set up an IM system and how to set the right indicators in the PPM
- Furthermore, TENEDep should start a discussion on when and how to implement IM on Level 3