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*Pilotprojekt
Armutsbekämpfung*

Premise Paper on Project Impact Monitoring and Poverty Assessment

by Alison Lobb-Rabe

Introduction

The GTZ-supported Poverty Reduction Project¹ aims to increase the effectiveness of development projects in combating poverty in developing countries. The main thrusts of the Project are:

- to provide a forum to promote cooperation amongst development organizations and for exchanging concepts on and experience with poverty reduction, and
- to develop a practical approach to impact assessment in order to improve implementation of and increase learning from anti-poverty interventions.

This paper addresses the second prong, impact assessment.

Some basic issues shape the Project's work with impact assessment. First, the overriding goal is to reach a realistic understanding of what poverty-fighting interventions can achieve and of what impacts can be observed. The Project mandate is to investigate the effectiveness of the overall *German contribution* to poverty alleviation in developing countries, as well as to identify the effects of specific interventions. Although this does not detract from the efforts of the Program to network internationally with other organizations, it does set the scope of the task for the GTZ. Also, the focus is on the impact of German interventions on *poverty alleviation*, and instruments, methods, and indicators will be selected and evaluated accordingly. Finally, the Project seeks neither to invent new methods of impact analysis nor to promote any particular method as better than others. Rather, embracing the view that poverty is multifaceted, the Program takes the stance that each method has its advantages and disadvantages, and that its usefulness is dictated by the particulars of the intervention aims and setting. The role of the Project, then, is to investigate the strengths, weaknesses, and applicability of *existing methods and instruments*, and to make the findings available to practitioners.

This paper provides a basis for structuring the discussion on impact assessment and poverty reduction. First, concepts on impact assessment are outlined in order to clarify the factors which must be considered in designing an impact assessment strategy. The next section advances the basic premises, which are to be tested in current projects. Finally, preliminary specifications for the testing of the premises are presented.

Developing a Strategy for Assessing Impact

Before the task of actually assessing intervention impact begins, several factors on the investigation must be clear. Foremost are the five main aspects of impact assessment: 1) the unit of account of the observations, 2) the level of aggregation of the intervention effects, 3) the degree of attribution, 4) the indicators, and 5) the method or instrument used to collect the observations.²

The unit of account is the reference against which observations of impact are made. In other words, the unit of account defines the conceptual and/or geographical boundaries for the assessment. The most appropriate units of account for development interventions are 1) the project, 2) the region or sector, and 3) the country or policy.

The level of aggregation of the effects is the point at which observations are made when following intervention effects along the causal chain. The six conceptual levels of aggregation are the intervention inputs, outputs, utilization, outcome, further impacts, and results on the ground.

Inputs are the material, financial, and personnel resources invested in the project.

Outputs are the goods and/or services provided by the project.

Utilization is the acceptance and use of intervention goods and services, as well as the ascertainment of the de facto beneficiary group.

Outcome means the direct benefit and direct side-effects experienced by the (intended and de facto) beneficiaries.

Further impacts refers to the broader, general changes brought about by the intervention, including those experienced outside the beneficiary group.

Results on the ground are the overall changes in the (poverty) situation.

Table 1 uses a practical example to illustrate the different levels of aggregation.

Of course, the time-line of an intervention plays a large role in determining at what level of aggregation the effects can be observed. Some effects at the level of further impacts or results on the ground emerge years after the completion of the technical cooperation effort; some effects are observable only during the project life-time. When designing an impact assessment strategy, the estimating when the effects can start being observed is an essential step.

Attribution is the strength of the cause-and-effect relationship between an intervention and its observed effects, or the degree of certainty with which an impact (or change in the observed situation) can be ascribed exclusively to a project. Although different observations at each level of impact can be more or less attributable, a strong correlation exists between

¹ *Pilot Projekt Armutsbekämpfung ; Deutsche Gesellschaft für Technische Zusammenarbeit.*

² This five-dimensional model of impact assessment was presented by members of the GTZ Staff Department 042 Quality Assurance at a brainstorming session held at the GTZ headquarters on 6 Nov. 1997.

attribution and level of aggregation. For example, whereas inputs are highly attributable to the intervention, observations made at the level of results on the ground usually cannot be

Table 1: Levels of Aggregation of Effects for an Education Project

Level	Indicators	Relevant GTZ Term ³
Input	Ground covering plants.	Inputs (<i>Mengengerüst</i>)
	----- Performance of field tests.	Activities (<i>Aktivitäten</i>)
Output	Advisors of the farmers' information service disseminate improved agricultural methods.	Outputs (<i>Ergebnis</i>)
Utilization	Farmers adopt the improved methods. (<i>The groups using the project outputs should be identified.</i>)	(new)
Outcome	The affected farmers' crop yields increase. (<i>Special attention should be paid to the effects on poorer groups.</i>)	(new)
Further Impacts	The household incomes of the affected farmers' increase.	Project Purpose (<i>Projektziel</i>)
Results on the Ground	Poverty in the region is reduced	Overall Goal (<i>Oberziel</i>) (and further effects -- non-project related)

traced back to a single project with any certainty, because so many confounding factors obscure its effects. (Changes in the poverty situation occur in the face of a myriad of influences, including other interventions, political changes, weather conditions, fluctuations in exchange rates, demographic changes, etc.) This also means that there is a tradeoff between knowing more about the poverty situation and knowing more about the intervention. Figure 1 is a graphic representation of the relationship between level of aggregation and attribution.

The indicators are the evidence for the existence and magnitude of impact. They are the objects or media of the observation. As demonstrated in table 1, each level of aggregation has an associated type of appropriate indicator. Ideally, project monitoring and impact assessment will incorporate observation of indicators at each level of aggregation. However, some effects are too difficult or too costly to observe directly, so that proxy indicators are used. Examples of good proxy indicators are the vaccination coverage for disease incidence (an output indicator from which outcome and further impacts can be surmised) or growth rates for the nutritional status of children and mothers (Carvalho and White 1996:19). In any case, indicators should be chosen carefully, so that they truly demonstrate what they are intended to measure.⁴

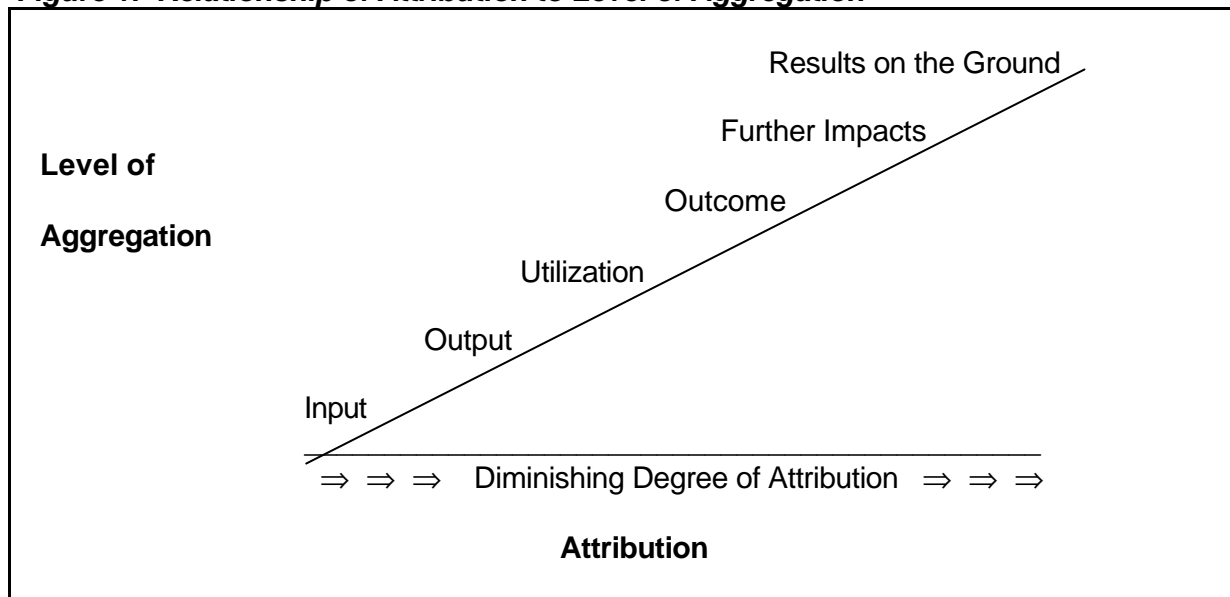
The methods and instruments used to collect observations must be appropriate to the unit of account, level of aggregation, and indicator used. They also are a major determinant of

³ Terms are being developed to reflect the new emphasis on observations at the levels of utilization and outcome.

⁴ For a useful guide in selecting intervention performance indicators, see Carvalho and White, 1994.

attribution. Furthermore, they should be chosen for the desired degree of *statistical*

Figure 1: Relationship of Attribution to Level of Aggregation

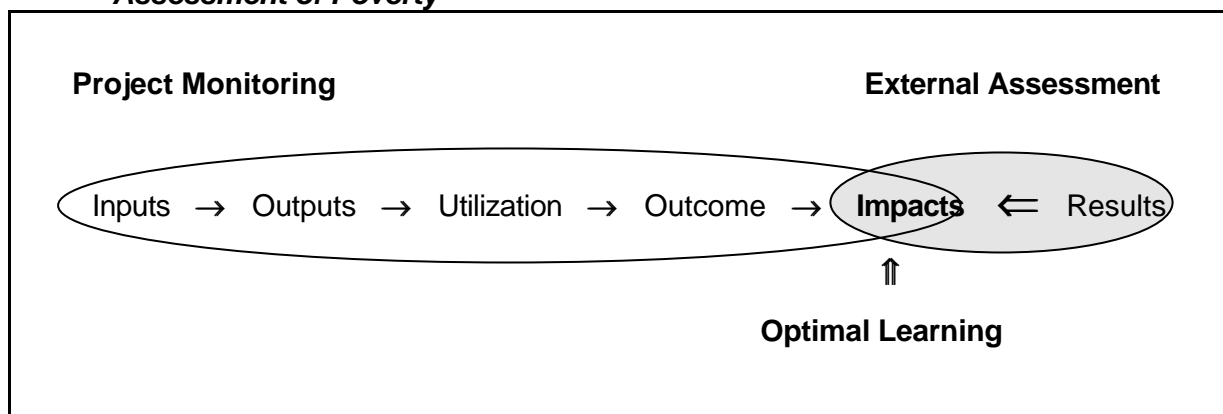


representativeness, richness of information, and level of participation they provide. The issue of being statistically representative is often presented as a simple dichotomy between qualitative and quantitative methods, but an entire range of approaches exists between the "purely quantitative" and the "purely qualitative". Although the information provided by quantitative methods tends to enjoy ready acceptance because it is more statistically representative, many aspects of poverty can be apprehended only through qualitative methods.⁵

The question of participation is important enough in itself to merit separate consideration when designing an impact assessment strategy. Reasons for using participative methods include increased ownership of the intervention benefits by the stakeholders, more appropriate project design and implementation, fewer problems with ex post project maintenance, empowering the disadvantaged, and giving a voice to the poor (a value in itself). However, there are also reasons for cautioning against overly using participative methods. For instance, participation can raise beneficiaries' expectations disproportionately, creating disappointment and greater resistance to the intervention in the long run (Rietbergen-McCracken and Narayan 1997:41-43). Similarly, a group can be "over-studied," which also can lead to a decline in trust and resistance (ibid:36-39). Finally, certain forms of participation involving only the target group could potentially undermine democratic processes -- although the opposite can be true when participation includes all stakeholders and supports the communication process.

⁵Kingsbury, et al. (1995) provide a useful summary of the main methodologies for monitoring poverty.

Figure 2: Estimating Impact Through Combining Project Monitoring and External Assessment of Poverty



The Premises

The following premises and propositions will be tested in current projects under the auspices and with the support of the Program:

1. The cause-effect relationship between an intervention and its affects on poverty can only be surmised with some degree of plausibility. Exclusive causality cannot be proven.
2. The type of learning which the Program targets requires an assessment of intervention effects at the level of "further impacts". A meaningful appraisal of intervention impacts on poverty requires the view from within the intervention as well as an independent, external view. (See figure 2.)
3. Normal project monitoring should include sensitivity to affects on poverty at the levels of utilization and outcome. All this means for the utilization level is determining what groups are drawing on project outputs and services and to what extent the poor are represented among them. In addition to observing the direct (positive and negative) outcomes for the utilizers, attention should specifically be focused on the outcomes for the poor.

Projects with extended running-times should be able to make some observations of effects on poverty at the level of further impacts. All projects should identify project-specific indicators of intervention effects at the level of further impacts, as well as indicate when project effects should begin to be observable here. These two pieces of information should be communicated to the organization performing the external impact monitoring. A meaningful assessment of the general poverty situation of the country or region cannot be achieved from within the project.⁶

4. Some group or organization independent of the intervention should monitor poverty at the level of results on the ground. From this perspective, the group should attempt to factor

out confounding influences in order to make a statement about the changes in the poverty situation at the level of further impacts. The group should also attempt to attribute changes to specific interventions/groups of interventions through monitoring the project-specific impact indicators provided by the project management.

Program Specifications

The Program intends to test the above premises in current projects operating in sectors especially important to poverty alleviation. Those identified so far are:

Sector	Country
Food Security	China (Shandong)
Government Advisory Services	Malawi
Rural Development (PRODILO)	Mali
Poverty Strategy Creation (and Social Action Funds)	Peru
Poverty Impact Monitoring	Sri Lanka

In addition, other countries and sectors will be selected for inclusion in the inquiry.

Ideally, the group performing the external poverty assessment will be a partner ministry, institute, or other local organization. The GTZ Country Groups should coordinate with the appropriate assessment body. Funding for the external poverty monitoring could possibly be made available through the GTZ study funds.

In line with the Program goal of giving affected groups an opportunity to articulate their viewpoints and interests, some participative method(s) should be used when assessing effects at all levels above and including utilization. Furthermore, in order to adequately capture the poverty situation and the perceptions of disadvantaged groups, qualitative information should be well-represented in the data mix.

Conclusion

The central aim of the GTZ-supported Poverty Reduction Project is to arrive at a basic understanding of what is and what is not possible to achieve in anti-poverty interventions. This understanding should provide a basis for realistic project planning and implementation. As a corollary, the Program hopes to work towards a realistic approach to intervention monitoring and poverty assessment: what can be realistically observed at what level of aggregation, and what can we learn by impact assessment.

The Program urges all who are involved in cooperative interventions to observe and document what groups draw on project outputs and services, and what outcomes are

⁶ An exception would be, of course, a project engaged directly in poverty assessment.

realized by the groups. These observations should be sensitive to the poor. Project personnel are invited to share their findings as well as questions in the Project website: www.gtz.de/forum_armut

Alison Lobb-Rabe, April 1998

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