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Poverty Reduction Project

Impact Assessment with a Poverty Focus in Policy Advisory Projects:

Concepts, Questions and Cases

Alison Lobb-Rabe
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Poverty Reduction Project

Poverty, a complex phenomenon, represents the greatest obstacle to sustainable development. The concepts for reducing poverty are correspondingly diverse. However, people who are involved in practical project work and are looking for ways to resolve particular poverty problems soon realise how hard it is to find workable procedures. The Poverty Reduction Project seeks to contribute to solving this problem.

On behalf of the *Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung* (BMZ) (the German Federal Ministry for Economic Cooperation and Development), the Poverty Reduction Project would like to assemble the most effective methods, instruments and project approaches to poverty reduction, to improve them, and - in consolidated form - to make them available for practical application. We would like to do this together with as many German development organisations and their partners as possible.

Our project offers a platform for the discussion and exchange of core criteria for poverty-reducing development work based on specific countries, sectors and projects. The elements that are pivotal and crucial for effective work can then be put on a more foresighted basis in the future project and program profiles of the various development organisations. The approaches presented call for promotion of the productive capabilities of the poor and for the participation of the poor in processes of change. For this reason, these approaches are not limited to support for self-help organisations but specifically include economic, political and social frame conditions as well.

The central forum of the Poverty Reduction Project is the Internet. At http://www.gtz.de/forum_armut you and your partners can present, look up or discuss whatever instruments and methods have proved helpful in project or program work. You can also reach us via http://intranet.gtz.de/pue/armut.

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Abbreviations

BMZ	German Federal Ministry for Economic Cooperation and Development (*Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung*)
DLGDA	Department of Local Government and District Administration (Malawi)
FOSIS	Chilean Social Fund (*Fondo de Solidaridad e Inversión Social*)
GoM	Government of Malawi
GTZ	German Technical Cooperation agency (*Deutsche Gesellschaft für Technische Zusammenarbeit*)
NEC	National Economic Council (Malawi)
NGO	non-governmental organization
OECD-DAC	Organization for Economic Cooperation and Development – Development Assistance Committee
PAP	Poverty Alleviation Programme (Malawi)
PIMU	Poverty Impact Monitoring Unit (Sri Lanka)
PMS	Poverty Monitoring System (Malawi)
PPA	Participatory Poverty Monitoring
PPM	Project Planning Matrix
PRA	Participatory Rural Appraisal
QUIM	Qualitative Impact Monitoring of Poverty Alleviation Policies and Programmes (Malawi)
RRA	Rapid Rural Appraisal
SPAS	Social Policy Advisory Services project (of the GTZ, Malawi)
ZEP	Central Evaluation Program (*Zentral Evaluierungsprogramm*, BMZ)
ZOPP	Objectives-Oriented Project Planning (*Ziel-orientierte Projektplanung*)

Preface

This paper represents the input of some very bright minds and my own bumpy learning process. Initially, the paper was to be a set of guidelines for setting up poverty impact monitoring systems in policy advisory projects. The guidelines were to be developed by a "virtual" (e-mail) learning circle composed of individuals working in policy advisory projects which I was to coordinate. It was hoped that learning circle members would include GTZ advisors, counterparts, and representatives of other development organizations.

The first step was to interview GTZ planning officers who oversee policy advisory projects (and most of whom have had project experience). I asked them what they perceived to be the difficulties and needs facing policy advisory project personnel who are confronted with the task of impact monitoring and what uses the impact assessment should serve from their viewpoint in the head office. Their answers were to help me set the focus points of the learning circle work. In actuality, they set the focus of this paper. The planning officers also recommended projects to be invited to join the learning circle.

I then contacted the GTZ projects recommended. The idea was that I would circulate a general communication every two weeks. The communications would present concepts related to impact monitoring and pose questions in order to solicit the members' views and questions on the concepts, as well as their direction in taking the next step of the learning circle work. The members were to respond to me (or fill me in on e-mail discussions held "privately"), and I would circulate a summary of the responses along with the next round of concepts and questions. As the coordinator, I was to act as the central hub for assembling the ideas which were to form the basis of our guidelines.

To make a long story short, the actual running of the learning circle did not go as planned. First of all, only the GTZ advisors and GTZ project staff actually joined the learning circle. Then, despite initial enthusiasm amongst the members, the learning circle never really got off the ground. Part of the problem was that the members had very demanding schedules and tight time constraints – work with the learning circle was "extra" and voluntary. Also, the members' expectations of the form and purpose of our "product" – the impact monitoring guidelines – covered a broad range. Whereas one member wanted explicit guidelines and a "toolbox", another one wanted general guidelines, someone else wanted basic "do's and "don'ts", and a fourth felt that there are so many good guidelines out there (and there are), that we could not make a worthwhile contribution by producing yet another set of them.

Perhaps the subject of impact monitoring – which can be difficult under ideal situations – was too difficult for a virtual setting, especially since many of us did not know each other in the "real" world. I personally feel that I never achieved the right tone or approach with the learning circle.

Still, several of the members provided a lot of useful input into this paper by sharing their thoughts, ideas, concerns, and experience.

About four months into the learning circle process, it became clear that it was time for "Plan B". Plan B was that I just go ahead and write the guidelines and circulate them for comment. My biggest problem with this new approach is that I wanted the "product" (I had stopped thinking of them as guidelines) to address a much broader range of situations confronting the practitioners in policy advisory projects than my own experience could provide.

Lucky for me there are a lot of experienced people in the GTZ. I was able to attend several different types of meetings, workgroups, discussions, and presentations on various aspects of impact monitoring. The key source of information for this paper was, of course, the interviews and discussions with the advisors and staff of the case study projects.

Which leads to the lessons I learned with the learning circle. The first is that e-mail probably is not the best medium for a learning circle. If at all possible, a learning circle or a workgroup should be conducted in person. If there is no choice but to hold the learning circle by e-mail, then my recommendations are:

- Limit the initial number of members to a *maximum* of five including the coordinator. If things work well with the original group and there is interest in expanding it, add new members one or two at a time. This way, the learning circle should remain manageable.
- Ideally, the members should know each other personally before working together electronically. Then there probably would be more interest in and ease with the e-mail communication.
- The telephone interviews worked very well and might be a useful approach for e-mail workgroups. An interview on the given topic could be conducted by the coordinator with one of the members. The coordinator would then type up the notes or a summary of the interview, check it with the interviewee, and then circulate it via e-mail with the other members. They could give their reactions and comments. Then the next interview is held.

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I also am very grateful to the staff of the GTZ Division 42, State and Economic Reform, Civil Society, who took time to speak with me on their concerns about, difficulties with, and hopes for impact monitoring. They are Division Leader Ricardo Gómez and the Planning Officers Christian Breustedt, Friederike Diaby-Pentzlin, Jörg Freiberg-Strauß, Ulrike Maenner, Albrecht Stockmayer, Sabine Trommershäuser, and Dietmar Welz.

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Alison Lobb-Rabe
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Introduction

This paper has been written for policy advisory projects which are faced with the task of impact monitoring, but are having difficulty getting started. It tries to "demystify" the job of impact monitoring for these projects, because some of the main difficulties have to do with lack of clarity on certain issues and inappropriate expectations on what impact monitoring can achieve. Of course, another major constraint can be a project environment which is not conducive to open discussion of impact.

The paper also encourages observing relevant changes in the poverty situation as part of the impact assessment work. It gratefully takes as a starting point the fact that poverty alleviation generally has been accepted as the number one priority of development by many governments of developing countries, NGOs, and donor organizations. For instance, the German Federal Ministry for Economic Cooperation and Development (BMZ) has adopted poverty alleviation as the number one priority of German development policy. (Yet only a minority of the projects implemented by the GTZ on behalf of the BMZ analyze and monitor poverty developments in the partner country, develop strategies for fighting poverty in collaboration with intermediaries and target groups, or assess its impact on the poverty situation.)

One of the main premises of this paper is that developing effective approaches to impact monitoring lies in the practice, not in the theory. Practical experience with impact monitoring needs to be increased and analyzed. Therefore, the heart of the paper consists of three case studies, and the discussion has been shaped by the questions and concerns of practitioners: the advisors and planning officers of policy advisory projects. The projects involved are being implemented by the GTZ, and GTZ concepts provide the framework for analyzing the impact issues.

Another basic premise of this paper relates directly to the expectations on impact monitoring. The premise is that, for the purposes of projects and policy (re)formulation, impact monitoring is not a science, it is a management tool. The reason to perform impact monitoring within a project is primarily to improve the orientation towards it, not to measure it. The information gained supports implementation and policy-making decisions – but it will not be possible to determine exactly the degree of impact any one policy or project has in changing the poverty situation of a country, region, community, household, or individual. In other words, impact monitoring within a project can provide guidance, but not a score or rating. Nor will it generate the quality of information expected of a sociological study. Impact

monitoring provides invaluable but *imperfect* information to decision-makers working on anti-poverty policies or programs. The value of any impact monitoring system lies in its ability to provide useful information which is as accurate as possible with an appropriate investment of time, effort, and money.

Before getting to the case studies, some common ground for the discussion and analysis needs to be established. The next section begins by discussing the reasons for performing impact monitoring with a poverty focus in policy advisory projects. It then presents several of the questions and issues raised by the GTZ planning officers and advisors. The three issues brought up most frequently are:

- developing impact indicators for policy advisory projects
- setting the scope and focus of the impact assessment exercise
- bringing the impact orientation into the advisory project when there is resistance to it.

This section does not try to solve the issues or questions, but only presents some relevant concepts which shed some light on them.

Three case studies make up Section 2. Each case is a policy advisory project which practices impact monitoring. The first one looks at the impact monitoring system of social fund programs in Chile. The case study on QUIM in Malawi presents the situation where one of the outputs of a policy advisory project is assistance with the development of a poverty impact monitoring system. PIMU is the last case. PIMU is an advisory project which is charged with supporting the impact and poverty orientations of development projects in Sri Lanka.

Each of the cases has lessons for us and supplies examples of how to approach the three central issues listed above. These are taken up in Section 3. Other ways of dealing with the central issues or answering other questions from Section 1 are also presented. The paper ends with a summary, conclusions, and recommendations.

Section 1: Issues and Concepts

Why is impact monitoring especially important in fighting poverty? Why else should policy advisory projects perform impact monitoring? And what are the specific difficulties with performing impact monitoring that advisory projects face? These are the central questions of this section. They are taken up in the order in which they have been asked, above.

After addressing the first two questions, this section turns to the third. It draws on discussions which were held with GTZ planning officers and project advisors. There was quite a lot of overlap in the concerns expressed by these individuals; three main issues emerged:

- how to develop impact indicators
- how to set the scope of impact monitoring for policy advisory projects
- how to handle the subject of impact within the advisory relationship.

These three issues are discussed here to achieve clarity, only, not to provide solutions to the problems or recommendations for handling them (that will be attempted in Section 3). Relevant concepts are presented and important terms are defined. The point of this section is to develop a conceptual framework and explain the main issues that should be kept in mind when we turn to the case studies, which follow.

Box 1: The Use of Selected Terms in this Paper

Project, ***program***, ***intervention*** and ***measure*** (the noun) are used interchangeably.

Monitoring refers to an ongoing process, ideally performed by project staff and stakeholders (possibly with the support of an outside facilitator) in order to guide project work. One-time assessments of specific aspects of impact could feed into a monitoring system, as well.

Evaluation means a one-time exercise usually performed by outside, professional evaluators in order to rate the effects of the project. The overlying goal of formal evaluation is commonly the control or legitimization of the project.

Assessment is used generically – it can be applied to an ongoing process or to a one-time exercise.

Impact monitoring as one tool in fighting poverty

Over the last several years, a lot of attention has been placed – rightly – on the causes, manifestations and ways out of poverty in less-developed countries. An important recognition has come to light: poverty is very situation and group-specific. Married women

living in an African village have a different experience with poverty from that of their husbands and different again from that of their female neighbors who are heading households without male partners. A family living in an urban area in South America has a set of problems which is distinct from those facing a similar family in the countryside, although both are "poor".

The myriad of experiences with and various causes of poverty mean that there simply are no pat answers for eliminating it. Each situation is in some ways unique and requires its own answer or combination of answers.

Thus in order to progress with the fight against poverty, those involved (project and NGO staff, government officials, the poor, etc.) must be willing and able to learn from actual experience with and the observed usefulness of different approaches and activities. Such learning can take place only if mechanisms exist that provide feedback on the effects of these approaches and activities.

So the view towards outcomes and impact, which is necessary to keep any development project on track, is especially critical to interventions that seek to reduce poverty: an understanding of the interplay between interventions and the dynamic poverty situation of certain groups living in specific locations is essential to keep efforts relevant and effective. Impact assessment provides this view.

The purpose of impact monitoring in policy advisory projects

A major consideration in setting many aspects of an impact monitoring system is its purpose. Impact assessment can serve one of many purposes, depending on the needs of its intended "audience". Five of the main purposes for impact monitoring in the context of development projects are:[1]

- control
- legitimization
- "marketing" and public relations
- project steering and learning
- quality control.

Generally speaking, central funding agencies tend to be more interested in impact assessment for the sake of **control** and **legitimization**, while the head offices of implementing agencies concentrate on **legitimization**, **marketing and public relations**,

learning and **quality control**. An individual project (consisting of both the advisor and the counterparts) generally takes the viewpoint of **project steering/learning** and **quality control**. The partner organization frequently is concerned with **legitimization** and **quality control**.

When the purpose of the assessment is legitimization or control, then more "objective" methods are called for. Such an impact assessment is more appropriately designed as a "classic" evaluation to be performed by professional evaluators (and which requires quite an investment in terms of time and money). When the objective is learning and quality control, methods which emphasize communication between the stakeholders and which collect primarily qualitative information generally are more useful. It then makes sense for project staff to be directly involved in the monitoring processes. The resources involved in such monitoring also are more manageable by a single project.

The objectives of control and legitimization are incompatible with those of learning and quality control. Combining them within a single monitoring system or exercise is dysfunctional and undermines at least one of the sets of objectives. (Impact assessment for the purpose of marketing or public relations has more to do with the "packaging" or presentation of the impact information than with the methods used to collect it.)

It is important to note that this paper is concerned with the types of impact monitoring which can be performed within or with the support of policy advisory projects. It therefore concentrates exclusively on impact monitoring for the purposes of learning, quality control, and the steering of efforts and activities. These purposes are compatible with the hopes for impact monitoring in policy advisory projects expressed by the planning officers and management of the GTZ Department 4200 - Reform of State, Economy and Society (see Box 2).

The other functions of impact assessment – such as legitimizing the investment of public monies in development projects – are perfectly reasonable and necessary in their context, but are not treated here.

[1] This discussion of the purposes of impact monitoring draws on Cusnick 2000 (10).

Box 2: Desired Roles for Impact Monitoring in GTZ Policy Advisory Projects

In interviews during May and June 1999, the Leader and Planning Officers of GTZ Department 4200 - Reform of State, Economy and Society, proposed the following roles for impact assessment in policy advisory projects:

- To identify "best practices" and to increase project effectiveness.
- To identify how much meaningfulness and coherence of the project work filters through the political processes.
- To identify the plausibility of the relationship between advisory project approaches and outcomes.
- An impact orientation should guide the design of projects. Only those projects should be pursued which are anticipated to have impact which will be felt on the ground. And projects should be tailored according to what the impacts at that level will be (for instance, in choosing between financing through users' fees or through taxes.)
- Impact analysis should serve as a "reality check" to ground projects in the real world.
- To help identify lessons learned.
- To inform the project whether it has set the right priorities and has recognized important issues and potential problems.

Each of these roles for impact assessment fall under the general purposes of quality control, learning and project steering. They can be played within a communication approach to project impact monitoring.

Developing impact indicators for policy advisory projects

One of the first issues raised by a large number of GTZ project advisors when discussing impact monitoring is indicators. This remained a mystery to me for some time: Why single out the relatively technical aspect of indicators as the key issue of impact monitoring? Is the development of indicators really the most problematic area? As revealed through continued discussions and interviews, it seems that the "fixation" on indicators is based on two things:

- the domination of the logical framework (logframe) or Project Planning Matrix (PPM) in thinking about projects and their impact
- uncertainty about what is meant by the term "impact".

The PPM certainly is a useful tool for supporting the systematic planning and implementation of technical cooperation projects. But its mechanistic application to basic questions about project impact and relevance is not especially helpful. The focus on impact provides an alternative viewpoint of the project and what it actually is achieving amongst its

target groups and beneficiaries than that offered by the PPM. Of course, indicators usually are used in assessing impact, but to start with the indicators will limit the value of the impact monitoring system for reasons which are discussed later.

The desire for impact indicators is understandable when it is unclear what, exactly, impact is. For project advisors who are requested by their organizations to perform impact monitoring, but who are unsure what impact is in the context of their project or what the head office means by "impact", it makes perfect sense to ask for impact indicators. The indicators would then inform them of what they should be looking at. In other words, when advisors are not clear about what "impact" means, ready-made indicators would define it for them.

So what *is* impact? Some evaluators use "impact" interchangeably with the term "outcome". For instance, in a program which attempts to increase girls' enrolment in secondary school through funding their school fees, one level of impact could be the number of girls who took part in the program and finished school. Others use the term to mean the net outcome – or the difference the program made in the outcomes of the beneficiaries. Using the example of the girls' secondary school enrolment program, the net outcome would be the number of participants who successfully finish secondary school, minus the number who would have attended and finished anyway, even without the assistance of the program.

The GTZ orientation towards impact states that "impact" begins at the point where project outputs and services are used by external groups, and continues on to the changes in an overall development situation (such as poverty). This orientation focuses on the utilization of the outputs/services, and the direct benefits for target groups (and other direct impacts) of this utilization in monitoring project impact. In other words, assessment of project impact would begin by identifying who actually benefits from the project services (men? women? the poor? the better-off?), how much they use the project services, and their satisfaction with them. The view of project impact then should be broadened to consider the direct benefits of this use. This is a very practical approach to impact.

This paper proposes broadening the view from the project by recognizing impact as *the meaningful changes brought about by the intervention as perceived by the target groups and other stakeholders*. From this viewpoint, project impact is to a large degree subjective and varies from individual to individual, from stakeholder group to stakeholder group. It is an approach to impact monitoring which is based on communication. This understanding of impact is, by the way, consistent with the GTZ orientation towards impact, which also promotes a communication approach. It also has major ramifications for the determination of

indicators: at least some of them are going to be qualitative and most of them are going to be chosen participatorily.

An approach to impact monitoring that begins with or over-emphasizes indicators tends to limit the degree of two-way exchange between project implementers and beneficiaries or other stakeholders. When all or most of the indicators are predetermined by project staff, some problems arise. The degree of stakeholder input into the monitoring process is narrowly defined by the staff's concepts of impact. The indicators might not be the important ones for other stakeholders, so the findings of the monitoring exercise might not be accepted by them. Which means that they might not even be meaningful in the larger context of the project. Also, preset indicators do not support the observation of the unexpected.

Later on we will look at how the case study projects developed indicators and discuss alternative methods.

Setting the scope and focus of impact monitoring for policy advisory projects

Deciding where to set the boundaries and focus of the impact assessment is, indeed, a complicated issue, especially for policy advisory projects. Even before one can start choosing the specific areas of project work which will be addressed by the impact monitoring system, certain basic questions must be answered. Whose or what's impact will be the focus? What level of impact will be monitored? The latter question hints at the special complexity of the issue for advisory projects. In fact, one of the people interviewed for this paper said that, even before one starts thinking about impact, the first questions to answer should be: What is a policy advisory project? What do they try to achieve and on what level?

There probably are not any uniform answers to the questions on the nature of policy advisory projects. Although they all might serve common, overarching goals such as promoting and supporting the continued development of democracy, each individual project tries to achieve this in its own way. Similarly, even if the levels on which policy advisory projects can work are defined – one schema states they address policy, politics, and/or polity – this still does not lead to a single answer to the question for all projects. Each advisory project must answer for itself the question of which level it works on. This paper does not attempt a discourse on the nature of policy advisory projects.

Still, it is helpful to state what is meant by the term. For the purposes of this paper, "policy advisory projects" are those which consist primarily of an advisor or advisors working together with an institution or organization in order to strengthen its capacity to develop

and/or implement policies, legislation, strategies, and/or instruments. A further requirement of this paper is that the organization or institution in some way addresses the poverty situation of its country. This paper considers government advisory projects to be a subset of policy advisory projects, which can be affiliated with other types of organizations and groups, as well.

What makes it quite difficult to set the scope of the impact monitoring for policy advisory projects is that they work within an organization or institution with a certain set of shorter-term goals – let us lump them together under the generic term "capacity building" – which relate directly to the longer term goals of the organization itself. The organization's goals usually have to do with changes in the situation of a target group. In the case of poverty alleviation, the target groups would, of course, consist of poor individuals. So it would seem to make sense to observe impact at two "locations" which potentially are very "distant" from each other: within the institution or organization (such as a government ministry) and "on the ground" (for instance, poor farming households).

Box 3: Potential Levels of (Project) Impact Assessment for Policy Advisory Projects

[➪ Impact on the implementing (donor) organization – organizational learning]

➪ Impact within the project unit – capacity building & learning of the project staff

➪ Impact within the advised institution or organization

➪ Impact on related institutions/organizations

➪ Impact on intermediary organizations/agencies

➪ Impact on the target group(s)

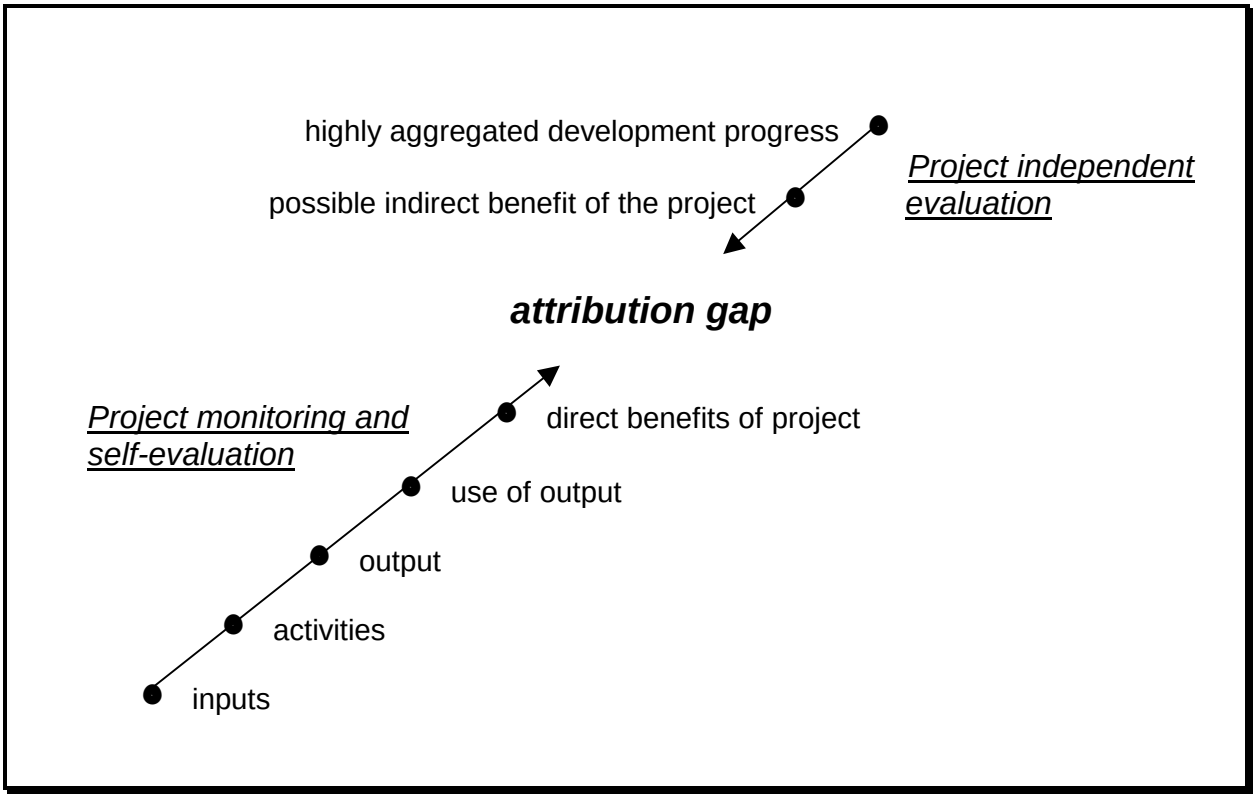
➪ Impact on the poverty situation

The situation becomes more complex when the services conceived by the organization are to be delivered or are influenced by other organizations or agencies. An example of this is a project which advises the Ministry of Labor on employment policy. Should the project look at impact within the ministry? At the level of the employment agencies charged with interpreting and applying the policy? At the level of the labor courts? At the level of the enterprises involved in implementing specific measures? Or on the ground, amongst the unemployed? Box 3 outlines potential levels of impact for policy advisory projects. In brackets, it includes impact at the level of the implementing organization –

institutional learning on the part of the donor through examining the project's experience. In most cases, observations at this level normally would be carried out by the donor organization, itself, and not the project.

The GTZ has developed a model of impact which relates to setting the level of the impact monitoring. The model describes three basic areas along an "attribution continuum": the range appropriate for project monitoring and self-evaluation, an "attribution gap", and the range best left to project-independent evaluation. (See Figure 1.) The model shows that, as you move along the continuum from "project inputs" to "highly aggregated development progress", the observations made can only be decreasingly attributed to the project. This is because the number and influence of confounding factors increases along the continuum.

Figure 1: The GTZ Impact Model



Source: Kuby (1999).

The model holds that a given intervention should restrict itself to monitoring its inputs, activities, outputs, the use of those outputs, and the direct benefits to the users of project outputs. For most policy advisory projects, those directly using the project outputs often are the advised institution and perhaps intermediary organizations, and the major project service is capacity building. (So in the case of the labor policy advisory project example used above,

the GTZ Impact Model would require that it limit its observations to impact amongst the Ministry of Labor and perhaps to employment agencies.)

Following along the model's continuum beyond the direct benefits, project impacts flow into an "attribution gap", beyond which changes cannot be ascribed to the project to any reliable degree.[2] There simply are too many other intervening variables. The model holds that impact observations at the levels of "possible indirect benefit of the project" and "highly aggregated development progress" should be left to others, such as research institutions, "evaluation alliances", etc., because individual projects cannot honestly "claim" impact there.

This would be true if the point of the impact assessment is to establish causality or to *measure* the impact of the project. But there are other reasons for monitoring impact. And it seems hard to defend the position that a project which supports poverty alleviation should not look at relevant changes in the poverty situation on the ground. If an advisory project supports, say, decentralization, it is of interest to the project to observe how many and what types of decisions are shifted from the central to the provincial administrations and whether control over finances is also transferred. Furthermore, if the theory is that decentralization leads to better development decision-making and increased responsiveness to local needs, which in turn enables individuals to move out of poverty, it behooves the project to see if this is happening. The individual project should not take any credit (or blame) for actual changes in the poverty trends. Making observations here simply informs the project and helps it to make or adjust its operational strategies.

[2] If this scheme seems confusing, let's return briefly to the example of the program to increase girl's enrolment mentioned earlier. **Inputs** into that program could be financing and technical assistance within the Ministry of Education. **Activities** might be administrative tasks and sensitization campaigns on the benefits of girls' education. The number of sponsored places for girls in the school system would be an **output**. One **use of output** could be defined as the number of sponsored girls who complete school. **Direct benefit**s could include such aspects as increased self-confidence amongst this group of girls, their continuation to higher levels of education, or improved access to jobs. Possible **indirect benefits** might be observed in longer term increases in family incomes in areas where the program has operated (because women who had benefited from the program are more productive economically) or increased family health (reflecting the recognized link between women's education and family health status). Decreased poverty and increased gender equality in the region are possible manifestations of **highly agreggated development progress**.

Obviously, a decrease in poverty cannot be due solely to the fact that girls have had their schooling sponsored. Also, there are many other factors which influence family health and economic status besides the fact that the adult women have received an education which they might otherwise have been denied. Even greater self-confidence amongst the sponsored schoolgirls might be at least partially the result of other influences. The model simply says that there is a point or "gap" beyond which impact cannot be attributed reliably to a project or program. (By the way, a project should not get too hung up with accurately assigning impacts to specific levels in the model. For instance, girls' levels of attendance could be defined as the "use of output" and the number of sponsored girls who complete school could then be called a "direct benefit" of the program. The important thing is to have a feel for the degree to which a given observation can be associated with the intervention.)

The GTZ impact model with its ”attribution gap” suggests a treatment of impact emphasizing objectivity and, if not exactly measurement, then the defensible establishment of plausible causality between the project and the observed impacts. Thus sights must be kept fairly low, bound closely to project activities. In contrast, this paper argues for a type of impact monitoring that is not primarily intended to attribute highly aggregated impact to projects, but rather to keep the project on track in working towards ”highly aggregated development progress”. The attribution gap remains, but it is not an *observation* gap.

It might not be completely accurate to call such observations at the level of the target group "impact monitoring" – the implication being that the *amount of project* impact is being determined. There probably are better names for this type of assessment when it is performed by a single project. Nonetheless, this activity is discussed here because it uses the methods of impact assessment, because the areas observed are those which are intended to be affected by project impact, and because it is at least plausible that some degree of the observations are in fact due to the project. A project that wants to orient itself towards impact will need to perform this type of assessment to some degree.

One must keep in mind, though, that for the vast majority of policy advisory projects monitoring impact at the level of the target group, the effects observed cannot be quantifiably attributed to the project.

It is also possible that an impact monitoring system is an *output* of a policy advisory project. This is the case when technical cooperation is applied to creating a policy impact monitoring system. Such systems do not look at project impact, but rather at highly aggregated impacts of policies (and, of course, other factors). They focus *precisely* on the levels of "possible indirect benefit of the project" and "highly aggregated development progress". Some policy impact monitoring systems might attempt to quantify and be more "objective"; they also can provide qualitative information. But ideally, they support learning and quality control in the policy-making process as opposed to legitimization.

Regardless of the level of impact observed, *which* impact should be the focus of the monitoring process? The impact of the advisor? The impact of the entire project team (advisor and counterparts)? The impact of the advised institution? The impact on the ground (which includes the impact of other factors)? The answers to these questions also help to set the scope.

In most cases it is not appropriate for the *project* to try to isolate the impact of the technical advisor. It is important to note that when referring to the policy advisory project, this paper means both the advisor and the counterparts – the staff of the advised unit. Thus what is meant by the "impact of the project" is the impact of the activities of this group of people – the impact of the advisor and the staff of the advised organizational unit(s) in working towards their common project goals. This probably is an overly-optimistic viewpoint. Some advisors might not be well-integrated into a unit or might find that their advice is not accepted by the counterparts. Then the "project" impact monitoring would be performed by the advisor and would reflect primarily the interests of the donor institution. Because this paper assumes that the impact monitoring performed by the project pursues the mutual interests of both sides, some of the statements made and conclusions drawn might not apply to such cases.

Nonetheless, it is important that funding and implementing agencies monitor the impact of the projects they support. For instance, it is in the interest of the GTZ or the BMZ to try to quantify the impact of German technical assistance. Or the GTZ (and the project advisor) might be interested in monitoring the impact of the advisory process for the sake of learning and quality control.[3] But these applications are beyond the scope of this paper, which focuses on the impact monitoring performed by the project, not by the funding or implementing agency.

Taking up impact issues in the advisory relationship

Impact assessment often proves to be a touchy and difficult subject within the advisory relationship. The counterparts and partner institutions can be very resistant to assessing the impact of the project or of their policies. They might be afraid that the impact assessment will uncover information which reflects negatively on them or could be politically damaging. Political consensus on what the impact of the project (or of the institution's work) should be might not yet exist. There is a danger that impact monitoring will show negative developments which are due to factors beyond the control of the partner institution, but that it will be "blamed" for them. The counterparts might fear that the impact information can be used against them, personally – that their own "success" or "failure" in their work will be measured. Perhaps the assessment will reveal that poverty alleviation goals are behind schedule, are not being met, or that the poverty situation is worsening, and thus fuel discontent amongst the poor.

[3] GTZ Department 4200 Reform of State, Economy and Society has a number of initiatives working on impact monitoring for quality assurance of the advisory input to the project and organizational learning.

Another problem could be the relationships to other actors and stakeholders. Some of the stakeholders might feel animosity towards each other which prevents them from coming together to discuss impact. They might have vastly different ideas and expectations about what the monitoring system is trying to accomplish. Or the relationships between the stakeholders could be characterized by mistrust or non-acceptance. Well-educated government representatives might not listen to the points of view of poor, uneducated members of target groups.

Many of the project advisors and planning officers reported such problems as impeding impact monitoring work. Unfortunately, "prefabricated" solutions to these difficulties do not exist. Overcoming such obstacles to impact assessment will always depend on the particular constellation of actors and the given situation. This paper examines how the case studies dealt with resistance to impact assessment and offers some additional solutions.

Section 2: Case studies

The three cases presented in this section are policy advisory projects which are involved in impact monitoring with a poverty focus. Each case provides a different angle on poverty-related impact assessment because each uses it in a very different way.

The Chilean social fund FOSIS uses impact monitoring as part of its internal project monitoring. Hence most of its impact monitoring activities would be located in the GTZ impact model "below" the attribution gap, in the range of "project monitoring and self-evaluation" (see Figure 1). Because it is an explicitly poverty-fighting program, FOSIS maintains a poverty focus at the level of the beneficiary within its monitoring system.

The Social Policy Advisory Services project in Malawi assists with the development of an instrument called "Qualitative Impact Monitoring of Poverty Alleviation Policies and Programmes" (QUIM). QUIM is an example of "project-independent" impact monitoring. It was not designed to assess the impact of the project which developed it, but rather to monitor the affects of poverty-fighting policies and programs on poor communities. The purpose the monitoring is to guide the (re-)formulation of the policies and programs and, in the future, to improve their implementation.

The third case presents the Poverty Impact Monitoring Unit (PIMU) of Sri Lanka. PIMU is a GTZ project that advises other development projects on impact monitoring and focusing on poverty. PIMU works on both sides of the attribution gap.

While reading the case studies, keep in mind the three main issues from the preceding section:

- How to develop impact indicators.
- How to set the scope of impact monitoring for policy advisory projects.
- How to handle the subject of impact within the advisory relationship.

Section 3 applies the experiences of the cases to these issues. It also discusses other lessons provided by the case studies, as well as alternative solutions to the issues.

Case Study 1: The Chilean Social Fund "FOSIS"

A brief description of FOSIS

FOSIS (*Fondo de Solidaridad e Inversión Social*) was designed by the Chilean government in 1990 when it became clear that significant portions of the population were not sharing in the benefits of economic growth. Based on the premise that structural poverty can be reduced sustainably only when programs to promote income and employment are in place, FOSIS was created to assist micro-enterprises in both the formal and informal sectors. These enterprises comprise the main source of employment for poor Chileans, and provide work for approximately 30% of the labor force (Schmitt 1999). Indeed, micro-enterprises constitute virtually the sole economic safety net for the poor. The role conceived for FOSIS therefore sets it apart from many other social funds: it never was a temporary or emergency fund, but from the beginning was cast as a regular program for fighting poverty.

Another way that FOSIS differs from the usual social fund is that its financing is guaranteed and completely domestic. FOSIS currently represents 0.3% of the national budget of Chile and receives no funding from international agencies – making it the only explicitly anti-poverty program which completely "belongs" to Chile.[4] In 1997, the Ministry of Economics recognized FOSIS income and employment promotion activities as part of economic policy (previously they had been seen as a compensatory social policy measures.)

FOSIS was designed to develop "best practice" methods which are to be passed on to other government agencies and ministries. A major element of the FOSIS approach is to perform "research and development" for social programs. FOSIS acts as the financing institution for the innovative income and employment promotion projects, reserving the implementation tasks for intermediary organizations selected through an open bidding process. The intermediary organizations include NGOs, consulting firms, small business organizations, municipal administrations, banks, etc. FOSIS is activated only when the services needed cannot be provided by an agency or organization acting on its own. After the projects are tested and piloted with FOSIS support, they are turned over either to the intermediary organization or to some other governmental or private sector actor.

FOSIS interventions take a holistic approach to micro-enterprise assistance by focusing both on business and personal development. They fall within two groups: 1)

[4] There are several programs run by the sector ministries which are financed 100% by the Chilean government, but they are not designed specifically to reduce poverty.

programs for economic development and employment promotion, and 2) social integration and development programs.

There are four types of programs for the first group of interventions, which deal with **economic development and employment promotion**:

- Financial institution credit services for micro-enterprises. Under this program, banks are encouraged to set up rotating funds for lending working capital to micro-enterprises by receiving a subsidy for each credit granted. The ratio of subsidy to number of credits granted slowly decreases over time. Eventually, the banks assume total financial responsibility for the rotating fund.
- The National Micro-Enterprises Promotion Fund ("training and advisory services"). This program offers management training in such areas as accounting, marketing, etc., as well as commercial and technical advisory services. The target group consists of enterprises with up to seven employees which also fall below a set limit for capital assets and monthly sales turnover. About 38% of the business owners are women.
- The rural development program supports associations which seek to operate non-agricultural businesses in rural areas. The assisted groups must contribute between 10 and 20% of the start-up capital, making this the only FOSIS program to require a monetary contribution from the beneficiaries. The first phase of each project includes a participatory community needs assessment to confirm the viability of the enterprise.
- Innovative promotional instruments and mechanisms. This program supports experimental pilot projects. Examples include a (non-bank) risk-capital credit program for small fisheries, a leasing program, rural and ecological tourism, and a program to promote cooperative, decentralized government in order to help public institutions and private business to undertake joint efforts.

The second group of programs address **social integration and development**, which aim for the socio-economic empowerment of target groups (social competence training for economic activity). They were created on the premise that poor men and women often require social competency training in order to effectively take part in economic activity – to build their socio-productive capacities. This is accomplished through progressive cycles of training and participation in existing development programs. In other words, the poor are brought into the "development loop" through active participation in development projects combined with special training measures to increase their social competencies. Over time, the beneficiary groups receive continuously higher levels of training and are enabled to take part in development programs with increasing scope.

FOSIS runs its programs as an independent public institution affiliated with the Planning Ministry. Initially it was organized along sectoral lines. Then in 1995 the World Bank commissioned an evaluation of FOSIS by Chilean consultants. The consultants recommended that FOSIS abandon the sectoral organizational structure in favor of a regional one. Another recommendation was to shift from a product or output orientation to an impact orientation. Both these recommendations were adopted.

FOSIS now has 13 regional offices with a total of 400 employees. Its central body consists of just four departments: Administration, Program Management, Institutional Development (which offers both internal and external support), and Impact Monitoring. The Impact Monitoring Department has five full-time employees. Whereas previously FOSIS would consider itself to have fulfilled its mandate when, say, it held 50 courses for small enterprises, it now looks at what changes the owners of these businesses experience in their lives after having participated in a FOSIS training program. In other words, FOSIS now sees its own success in terms of impact amongst the target groups.

The GTZ advisory project

Since 1996, the GTZ (through its implementing contractor Luso-Consult) has provided a technical advisor to FOSIS, Doris Thurau. The project is now in its second phase, scheduled to end in 2003. Ms. Thurau advises the central office of FOSIS with the following main objectives:

- to assist with the development of methods, instruments, and pilot projects designed to support and promote micro-enterprises
- to work towards strengthening the project management skills of the FOSIS administration and of the intermediary organizations
- to support communication and coordination between the different regional and community actors under the direction of FOSIS
- to help strengthen FOSIS as an institution both in its capacity to formulate national policy on micro-enterprises and to carry through its decentralization process.

Ms. Thurau also has worked with FOSIS on further developing impact monitoring instruments and systems. The remainder of this case study concentrates on these efforts.

The focus on impact

As stated above, FOSIS operates with an orientation towards impact. As an example, the Micro-Enterprise Promotion Fund aims to improve the living conditions of micro-business entrepreneurs as the desired impact. Both this program and the program for financial

institution credit services for micro-enterprises have performed some impact monitoring, but the systems are still at an early stage. FOSIS also intends to monitor the impact of the advisory project. This means that the monitoring system sometimes will focus on the impact of the FOSIS program itself, and sometimes on the impact of the advisory project.

The evaluations of the Micro-Enterprise Promotion Fund usually have been conducted within six to eight months after program participation. One of the interesting conclusions the evaluators came to was that it would take a minimum of three years to observe significant impact on the living conditions of the beneficiaries. This more in-depth analysis, following at least three years of program participation, has not yet been performed. Within the shorter time-lapse, the major impact has been of a personal nature, such as increased skills and self-confidence amongst the participants of past training courses. Observable effects have not yet spread to other employees (non-participants of the program), to the living conditions of the participants, etc.

A proposal for the design of the overall FOSIS impact monitoring system exists and currently is being further developed and piloted in three regions. The proposed impact monitoring system draws heavily on the impact concepts of the GTZ, such as the Impact Model (see Figure 1). To a very large degree, it uses the scheme of the proposed GTZ impact monitoring guidelines "*Entwurf eines Orientierungsrahmens für das Wirkungs-monitoring in Projekten der Wirtschafts- und Beschäftigungsförderung*" (Valhaus 1998).

Three basic premises shape the FOSIS impact monitoring system:[5]

1. impact monitoring should serve project steering
2. the system should emphasize learning
3. stakeholder participation should be built into the system.

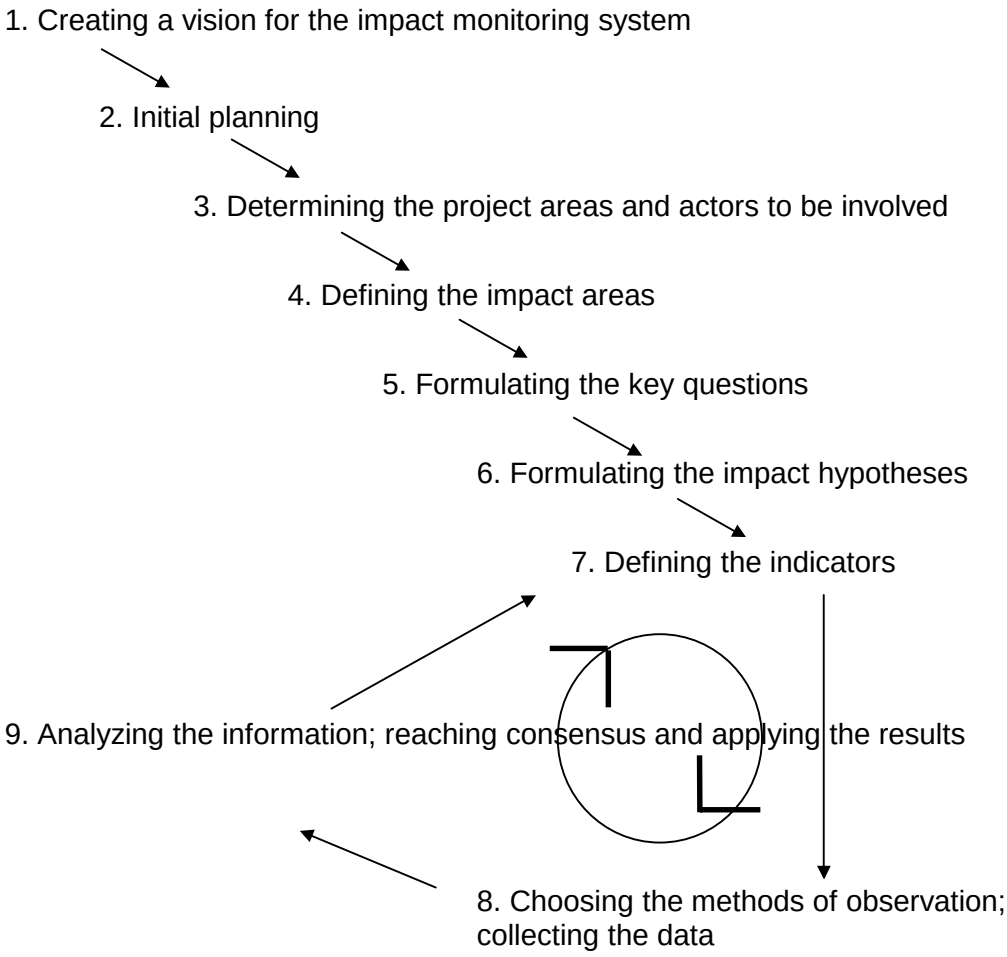
In terms of the concrete design of the system, it should

- take as a starting point the existing information needs of the stakeholders
- aim at improvements in project operations (in terms of reducing work, time and costs)
- start small (an exaggerated scale of effort will discourage involvement).

The system consists of nine steps. The first six steps establish the monitoring system, while the last three are performed cyclically during its lifetime (see Figure 2). A brief, step-by-step description of the system follows.

[5] The remainder of this sub-section draws heavily on Thurau (undated).

Figure 2: The Pilot Impact Monitoring System for FOSIS



Source: Thurau (undated) p. 3 (translated from the German).

Step 1: Creating a vision for the impact monitoring system

This step consists of several tasks: verifying that interest in the system exists, identifying the stakeholders (and their individual interests in the monitoring system) and bringing the most important ones together – for instance, for a "vision creation" workshop. At such a workshop, the stakeholders determine what is to be achieved by the impact monitoring system and how the monitoring results will be injected into the work processes. It is essential that the intermediary organizations be involved in the monitoring system and that the needs of the micro-enterprise owners be taken into consideration.

Step 2: Initial planning

The initial, rough planning of the impact monitoring system is performed by FOSIS and the GTZ/Luso. The main point is to decide such matters as:

- the degree of participation to be afforded to the other stakeholders

- the target groups and project areas to be analyzed
- basic methodological issues
- the overall timeframe
- the resources required by and available for the impact monitoring system
- how the monitoring system will support institutional learning
- the form reports are to take and how the results shall be disseminated
- the division of tasks and responsibilities.

Step 3: Determining the project areas and actors to be involved

The relevant actors of the project areas identified in Step 2 are brought together to confirm that they are interested in and are willing to establish an impact monitoring system.

Step 4: Defining the impact areas

One of the dimensions involved in this step is determining the level of analysis – whether impact observations will be made amongst the intermediary organizations, the micro-enterprises, their owners and/or the owners' households. Another dimension is the type of change desired. In considering possible impact areas, the designers of the monitoring system are encouraged to look beyond the obvious effects (e.g., sales turnover). Other possible impact areas could be changes in the knowledge, skills, or attitudes of the program participants; improved access to resources; degree of participation in local organizations; production levels; marketing efforts; etc.

Step 5: Formulating the key questions

After having identified the impact areas, the next step is to develop the specific questions to be asked by the monitoring system. In formulating the questions, FOSIS advises:

- developing clear and concrete questions – making sure they are not vague
- selecting only a few questions to be investigated and make sure they are the important ones
- formulating the questions within the context of the vision for the monitoring system
- checking the list of questions to determine whether any of them could be answered through existing means or sources
- selecting only those questions which can be answered through an appropriate level of effort
- determining potential sources for the answers to the questions.

Step 6: Formulating the impact hypotheses

Impact hypotheses act as a check that the impact areas and key questions plausibly relate to the project/program activities. The hypotheses should establish a link between the intervention and the observed effects that is strong enough to support the argument that the impact can be attributed to the intervention and not solely to external factors.

It is also very useful to develop hypotheses for undesirable or unintended impact. The following example illustrates both types of impact hypotheses.

Table 1: An Example of Impact Hypotheses

Impact hypotheses for the project objective of strengthening the regional offices				
	FOSIS central office	**Regional offices**	**Intermediary organizations**	**Micro-enterprises**
Desired impact	1) The central office successfully delegates tasks and responsibilities to the regional offices	2) Increased competence; Improved resource base	3) Improved provision of services; Improved flow of information	4) The micro-enterprises benefit through an improved offering of courses
Undesirable impact	1) The regional offices become critical of the central office	2) Increased expenditure of time and money; Regional offices take on tasks without having the requisite capacity	3) The intermediary organizations are neglected by the regional offices (which have become more focused on themselves)	4) The micro-enterprises are disadvantaged through a decline in course offerings

Source: Thurau (undated) p. 11 (translated from German).

Step 7: Defining the indicators

Indicators serve as milestones which demonstrate whether and to what degree the impact hypotheses hold. They also filter out the relevant data from the profusion of information available. The proposed FOSIS guidelines point out that good indicators are objective, are directly related to the phenomena being investigated, are appropriate, are not dependent on non-relevant factors, and are practical to use. The guidelines also make the following suggestions:

- do not use too many indicators – as a general rule, no more than three indicators should be employed in observing a single impact
- the different indicators should cast light on a variety of aspects of the situation: economic, societal, cultural, and gender-specific aspects should be captured
- whenever possible, use existing indicators

- a balance should be achieved between precision and practicality – data need not be statistically perfect, and their collection should involve appropriate levels of effort
- the selected indicators must be checked by the stakeholders from time to time to ensure that they are still meaningful. (As represented in Figure 2, reassessing the indicators is to be a regular part of the monitoring cycle for FOSIS).

Step 8: Choosing the methods of observation; collecting the data

Both qualitative and quantitative methods should be used. Participatory approaches should be employed whenever possible. Drawing on a variety of methods – methodological triangulation – usually improves the quality of the information by revealing different aspects of the phenomena and acting as a verification process of the information gained to date. External experts can be very helpful, especially when the methods chosen require specialized skills or when conflict amongst the stakeholders is likely, so that the process would benefit through external facilitation.

Step 9: Analyzing the information; reaching consensus and applying the results

This is the most important step, because the investment of resources into the impact monitoring system is justified only when the data is interpreted and the results are fed back into the project work processes. The stakeholders perform the analysis, which examines whether the impact hypotheses hold, to what degree the desired and undesirable impacts have occurred, why the anticipated impact did or did not materialize, and what must take place in order to increase the realization of the desired impact. FOSIS sees reaching consensus amongst the stakeholders on the findings as essential to arriving at workable recommendations for improving the project processes.

The monitoring cycle

As indicated by Figure 2, steps 7 through 9 are performed in ongoing iterations: indicators are to be selected/reconfirmed, data collection methods are chosen and applied, and the information gathered is interpreted, discussed, and fed back into project operations. The proposed FOSIS guidelines give some tips on how to structure the cycle and use the findings of the monitoring system:

- keep feedback loops short
- encourage feelings of pride for the achievements reached
- disseminate positive findings as a form of "marketing"
- publicize findings strategically (time the release of findings to coincide with important decision-making cycles, with the publication of related information, in synchronization with the FOSIS tendering cycle, etc.)

- develop an "institutional memory" – use findings to develop "lessons learned" and ensure that previous lessons are applied.

Impact issues and the advisory process

In a telephone discussion on 16 March 2000, Ms. Thurau shared her experiences with taking up impact issues as part of the FOSIS project team, as well as her views on dealing with impact monitoring as a policy advisor.

FOSIS had already adopted an orientation towards impact and had already established an Impact Monitoring Department before Ms. Thurau arrived as an advisor. The shift from a product to an impact orientation was not difficult.[6] Ms. Thurau did not feel there was any need for convincing the central FOSIS administration of the importance of looking at impact. (In fact, Ms. Thurau suggests that projects which do have difficulty with impact issues start by establishing an Impact Unit, if possible.) The FOSIS staff even has developed its own impact monitoring instruments. They have worked out the chains of actors and institutions which play a role in the delivery of FOSIS services, and therefore have an effect on achieving desired impact. The regional offices of FOSIS, too, see impact monitoring as an important (if not high-priority) activity. Where the FOSIS staff does need some persuading is in the area of participation. The instruments FOSIS has applied to observe impact have not been very participatory, although FOSIS staff has begun to recognize the necessity of increasing the participation of the target groups.

A similar pattern can be found amongst most of the other stakeholders: they accept that looking at impact bolsters effectiveness, but have to be persuaded on other matters. For many of the stakeholders, the value of adopting a focus on *poverty* is much less obvious than the benefit of an impact focus. In Chile, the general belief prevails that economic growth automatically reduces poverty – and in fact, the numbers of the poor have declined over the last years while the GNP has risen. Yet the income distribution in Chile is very skewed, with the top 10% of the population receiving 46% of the income, and the bottom 10% owning only 1.4% of the wealth (Schmitt 1999). Currently, 23% of the population lives in extreme poverty (ibid.). Still, FOSIS finds the focus on poverty more difficult to promote than the focus on impact. More public discussion exists on the topics of decentralization and modernization than it does on poverty.

[6] One factor here may have been that this recommendation had come from Chilean consultants, which probably increased their acceptance by decision-makers. Also, Chile is a very dynamic country, where changes can happen quickly.

But the acceptance of impact monitoring as important in principle does not automatically lead to committed practice. This is the case in most of the ministries. Although some have performed impact assessment exercises, most still tend to measure their success in terms of output. They focus on the disbursement of their funds rather than on what impact their investments have. The ministries often see themselves as fulfilling their mandates when they have given out their funding. Time will tell whether impact monitoring will be one of the innovative practices to spread from FOSIS to other government agencies.

One group of important stakeholders of FOSIS programs are the representatives of local government. Again, the problems which arise when working with them do not have much to do with issues of impact, but with their attitudes towards the target groups. Local government officers often behave paternalistically and client orientation tends to be weak. They could put more effort into promoting FOSIS, considering that the communities have budgets for supporting projects.

The target groups – the poor owners of micro-enterprises – have almost no difficulty with concepts of impact. In fact, they usually can identify manifestations of impact relevant to them much more easily and quickly than stakeholders further up the chain of FOSIS service delivery. However, the poor usually are so grateful when organizations try to help them or solicit their opinions that they tend to overstate impact.[7]

How well do Ms. Thurau's sponsoring organizations support her in the area of impact monitoring? She feels that Luso-Consult has strong know-how and good short-term experts in this field. The GTZ has very good concepts and approaches to impact monitoring, but other aspects of the project management style tends to get in the way. For instance, the Project Planning Matrix and project reviews focus on activities, not impacts, and the standard GTZ reports are inadequate for covering impact. Project personnel come to perceive impact monitoring as just an additional burden – which is a shame, because the purpose of projects is to achieve impact, not just to carry out activities regardless of their effectiveness.

Ms. Thurau also feels that the GTZ main office and/or the BMZ emphasize assessing the *German contribution* to project and development impact; however, she does not see this as realistic. She, for example, is so integrated into the project and the central administration of FOSIS that it would not be possible to isolate the impact she has had as the representative of German technical cooperation.

[7] Neubert (1998:24) came to a similar realization. She found that statements made by poor respondents to impact monitoring exercises expressed a mixture of their actual experiences with their hopes, expectations and interests – and so overstated actual project impacts.

Ms. Thurau believes that most project staff members need help in overcoming their fears and uncertainties about impact monitoring. To do this, she suggests holding small workshops on the subject for local professionals – and not starting out with some major impact study. Also, impact should not be treated as a separate issue, but every training course offered to project personnel should include a module on impact. Project teams need to be aware that the focus on impact must be in place throughout the project cycle – it is not something to think about only towards the end of the project. Ms. Thurau recommends that a toolkit with inexpensive, simple, and quick impact monitoring instruments be assembled for projects.

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Case Study 2: Qualitative Impact Monitoring of Poverty Alleviation Projects and Programmes in Malawi – QUIM

The Malawi Poverty Alleviation Programme and impact monitoring

The current government of Malawi inaugurated the Poverty Alleviation Programme (PAP) as one of its first acts upon coming to power in 1994. The PAP represents an important and necessary step, as Malawi is one of the poorest countries in Africa. The PAP Framework Paper outlines the various strategies and goals regarding poverty reduction in each governmental sector. It also establishes poverty alleviation as the primary goal of development and requires that all public programs and projects be justified in terms of their impact on poverty. To do this, a monitoring system with a poverty focus must be in place (cf. Government of Malawi – GoM – 1995: 11).

Thus the Poverty Monitoring System (PMS) was created in 1996. The PMS is located within the National Economic Council (NEC), which coordinates the monitoring activities and provides the information links to sectoral ministry planning units. NEC has been supported by the GTZ Social Policy Advisory Services (SPAS) through various activities. One such activity has been the development of the instrument "Qualitative Impact Monitoring of Poverty Alleviation Policies and Programmes" (QUIM).

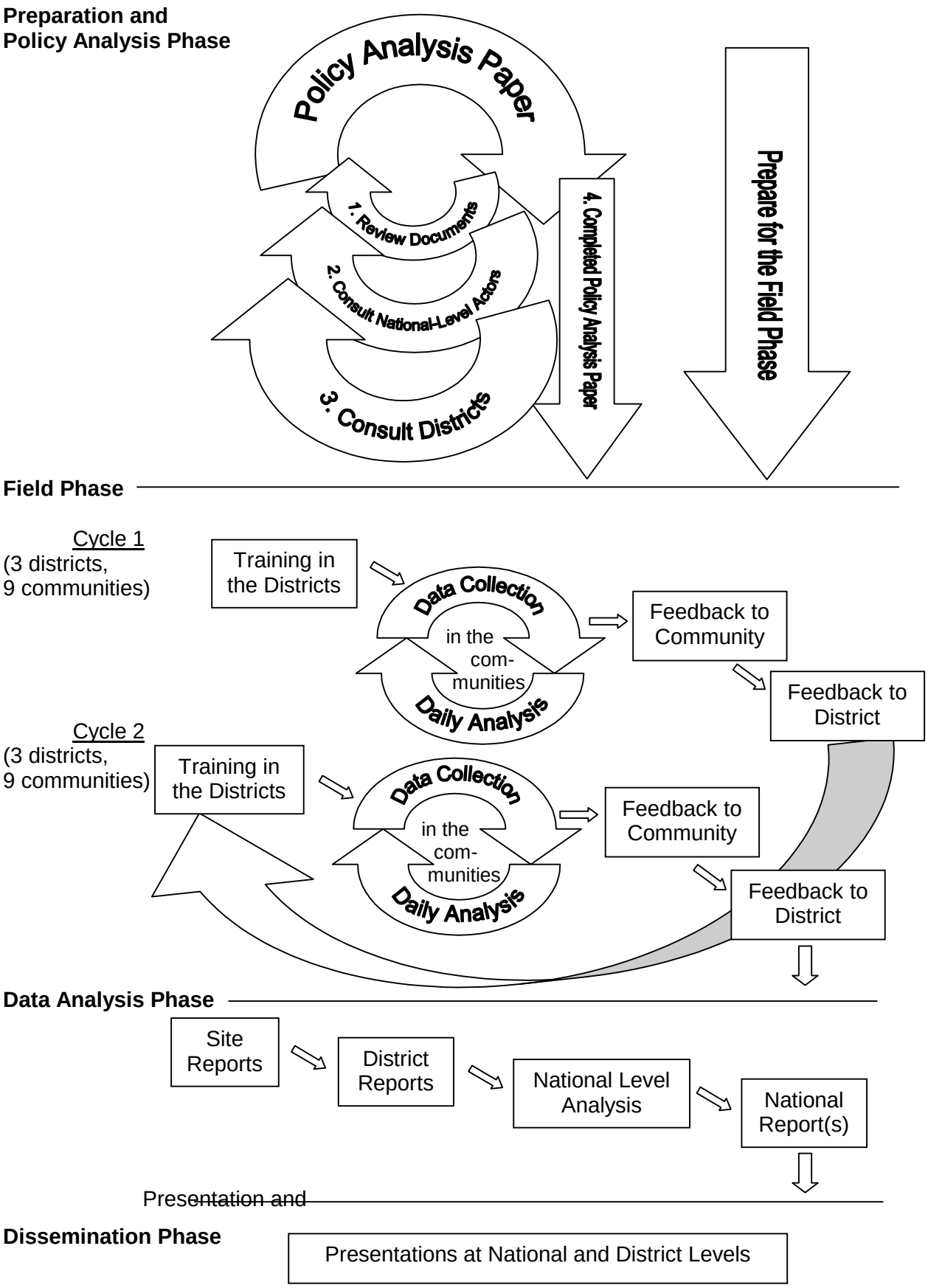
What is QUIM?

QUIM is the main monitoring instrument of the PMS which systematically provides *qualitative* data. It is intended to inform decision-makers in the Malawian government as to the effects their policies and programs have on poverty. In essence, QUIM involves:

1. policy analysis
2. the collection of people's perceptions on the ground by a multi-disciplinary team of *stakeholders* using Rapid Rural Appraisal (RRA) and/or Participatory Rural Appraisal (PRA) techniques
3. the comparison of the policy analysis with the results of the field research, and
4. the feedback of the findings into the policy (re-)formulation process.

QUIM's multi-disciplinary research team is made up of representatives of NEC, line ministries, NGOs (at both the national and district levels), and district administrations. Of course, the above is an over-simplification of the process, which is carried out in four phases (QUIM 2; the process of QUIM 1 is described later): the Preparatory and Policy Analysis Phase, the Field Phase, the Data Analysis Phase, and the Presentation and Dissemination Phase. (See Figure 3.)

Figure 3: The QUIM 2 Process



In terms of the information it provides, QUIM can be seen as a cross between a participatory poverty assessment (PPA) and impact monitoring. One research area has been fixed for each round: the general poverty situation. The rest of the topics are determined by the policy analysis.

However, QUIM emphasizes the process it uses at least as much as the information it provides. The QUIM process is characterized by a series of learning and communication cycles or loops. The objectives of the loops are:

- To ensure feedback to the decision-makers. The strong feedback loop is ensured by involving decision-makers directly in QUIM, including the specific design of each round and consultations during the policy analysis (demand-driven research, orientation towards stakeholders' needs), as well as performance of the field research and report writing (increasing acceptance of the findings).
- To support communication between the three basic levels involved in development – the national, district, and community levels. This is especially important because decentralization efforts currently are taking place in Malawi, and the communication infrastructure connecting the three levels is weak. The communication loop is created by having the district and national officers work together on QUIM and go together into the communities. This cooperation also is expected to help the different actors better coordinate their anti-poverty activities.
- To improve the QUIM process continuously. Learning loops are built into the policy analysis and the field research within one complete round of QUIM. They allow for flexibility and ongoing quality assurance of both the data and the process. Also, the experience gained in one round cycles into the next QUIM round in order to improve it.

QUIM was carried out for the first time in Malawi in 1997/98. QUIM 2 is, at the time of this writing, in the Field Phase. (The QUIM 2 Final Report is expected to be completed by the end of January 2001.) It incorporates the lessons of QUIM 1. We now turn to discussions of QUIM 1 and 2.

QUIM 1

The first round of QUIM was carried out in three phases (the Data Analysis Phase and the Presentation & Dissemination Phase were combined as one). The Preparatory Phase took place from June through November of 1997; the Field Phase began immediately afterwards and ended on December 5th. Then the Analysis Phase began. The final reports were completed in August of 1998.

The primary tasks of the **Preparation Phase** were to:

- design the process for QUIM 1 in conjunction with the stakeholders
- analyze the poverty focus of relevant polices
- create the plan of operation for the round
- select and train the QUIM Research Team
- select the districts where the exercise would be carried out
- present the concept and plan to the larger group of stakeholders (so as to prepare the way for the findings to be accepted later on).

The main outputs of the Preparation Phase were the concept paper, the policy analyses, and the research design. The concept paper provided the theoretical and methodological basis, the structure, general guidelines for the first round of QUIM, and explained its function within the PMS. The policy analysis took up virtually all existing sector policies, as well macro-level policies (the PAP, Vision 2020, the Public Sector Investment Programme, etc.) and examined their poverty focus. The point of the analysis was to develop hypotheses on the effects the policies should be having amongst impoverished groups. The research topics to be investigated in the Field Phase were set as:

1. the poverty situation as perceived by poor men and women
2. changes in the poverty situation over the past few years and their causes
3. people's knowledge of poverty-alleviating policies and programs aimed at the community and at the household, and
4. identification of the communication lines available for information and feedback on anti-poverty programs.

The **Field Phase** was run in three cycles of one week, each. During each cycle, research was performed in one village in each of four districts. That is, QUIM 1 involved a total of 12 villages in 12 districts. The activities of one cycle were:

Day 1: The QUIM 1 Team split into four sub-teams and traveled to the first group of four district centers.

Day 2: At the district centers, they met with officers of the district administrations (District Executive Committees). The sub-teams explained the research goals, solicited background information, and conducted interviews with the officers. Each sub-team then traveled to the village (which had been identified by an "advance team" two weeks previously).

Days 3- 5: Data collection in the villages (one per district): Each sub-team applied the

RRA tools and performed daily analysis of the information gained. The site visit ended on day 5 with a presentation/discussion of the findings with the community. The sub-teams then returned to the district centers.

Day 6: Preliminary findings were presented to and verified by the district officers. The officers gave additional background information to help explain findings.

Day 7: The sub-teams reconvened. They further analyzed and aggregated the findings of the week.

Day 8: (Day 1 of the next cycle.) The QUIM 1 Team split into four sub-teams and traveled to the next group of four selected district centers.

And so on, for a total of three weeks.

The **Analysis Phase** followed the third and last cycle of the Field Phase. The entire QUIM 1 Team again reconvened for a workshop to analyze the field findings as a whole. Afterwards, one Field Site Report was written for each village visited. The comparison of the policy analyses with the field research data was performed for the preparation of the Final Report. The QUIM Team also evaluated the QUIM approach, methods and process in another workshop.

The QUIM 1 Final Report was produced in two volumes: the findings and the process analysis.

All analysis tasks – the policy analyses during the first phase, the preliminary analyses in the field, and the tasks throughout the Analysis Phase – proved to require a lot of support from the QUIM organizers. This is an important lesson for any impact monitoring performed by stakeholders: the capacity to analyze (especially qualitative) data often must be built amongst the groups participating in the monitoring.

The last step of QUIM 1 was the presentation of the findings to decision-makers and stakeholders. It started soon after the final report was written, but then was interrupted for several months as the government prepared for and held general elections. The step was completed only in the second half of 1999.

The QUIM 1 findings

The QUIM 1 findings have earned respect within the discussions on poverty in Malawi. (One national officer even went so far as to say that QUIM has provided the best

information on poverty in Malawi to date.[8]) This section does not present the findings in depth, but simply gives some examples of the type of information QUIM was able to uncover.

Policy priorities versus the priorities of the poor. QUIM revealed both some agreement and some disagreement between what policies tried to achieve and what the poor, themselves, wanted. For instance, both policy-makers and the QUIM 1 respondents agreed that free primary education is important. On the other hand, poor men and women expressed pressing concerns which were not addressed by any (poverty alleviation) policy: security (theft), orphans (there is a large and growing number of AIDS orphans), and housing (some housing programs exist/have existed in Malawi, but no government policy on the subject).

Generally speaking, the QUIM findings underlined a tendency of the government to focus on community-based poverty and counter it through the provision of social infrastructure, while poor men and women showed a preference for measures which address household poverty (such as income generating activities or micro-credit).

Needs for information on existing policies and programs and effective communication channels. The research found that information on most policies and programs on poverty was lacking amongst the target groups, and that poor men and women believed the best way such information could be channeled to them is through the traditional hierarchy (Traditional Authority, Group Village Headman/woman, Village Headman/woman).

Characteristics and causes of poverty from the viewpoint of the poor, including their description of vicious cycles in which "causes" and "effects" flow into one another.

Problems with coordination of policy alleviation programs and projects. One common problem is that similar projects are carried out in neighboring villages by different programs or different NGOs, which have different requirements for community participation. The village facing higher contribution requirements feels resentful. Or a single village is identified by two different programs as needing a particular infrastructure – and suddenly has two of them, while nearby communities go without. Such inefficiencies and inequities became very apparent while performing the fieldwork and consulting with key informants.

[8] An integrated household survey has been conducted, but the findings will not be released until late 2000.

Negative impacts of policy. The target groups are very sensitive to negative effects of policy which affect them. This shows that an "early warning system" for negative policy impact could work well. QUIM could play such a role.

In addition, the findings of the process analysis identified ways to improve QUIM. The main recommendations were:

- Involve the district administrative level much more in the process. This would improve the quality of the information collected (the district-level staff is very well-informed about the issues and conditions in the villages within their jurisdiction). It also would give district officers an impact monitoring tool, which is much needed in light of the decentralization efforts taking place in Malawi.
- Incorporate more participatory and problem-solving approaches in the fieldwork in order to increase the value of QUIM to poor individuals and communities.

QUIM 2

The design of QUIM 2 has taken up the recommendations. The "center of gravity" has shifted towards the district level. District administrations now pursue their own information needs. The teams which perform the field research consist of district officers and representatives of NGOs operating at that level, working together with representatives of the national level. And in addition to the national reports, reports and recommendations will be drafted in each district for their own use.

In order to make the transition to the district level, QUIM 2 is being co-implemented by NEC and the Department of Local Government and District Administration (DLGDA), which contains the Decentralization Secretariat. NEC will supply the links to the national decision-makers, while the DLGDA interfaces with the district administrations. One of the goals of this round is to determine the permanent institutional structure for QUIM – whether it will be run for the most part out of NEC, out of the DLGDA, or whether it will be jointly managed by both.

Also, QUIM is to promote more participation amongst the target groups. The research in the communities ends with a "problem-solving/information-sharing" workshop for the community members. The workshops begin with a presentation and discussion of the QUIM 2 findings at the site. Then the researchers share information they have on issues that came up during the week stay. Community members are given the opportunity to ask questions or bring up topics which had not been addressed by the researchers. If the district or national officers (who make up the Research Team) have pertinent information on these, they share

it; if not, they tell the communities who the information source would be. The limited time of the workshop prevents, say, the development of action plans. Rather, the meeting provides the opportunity for government and NGO officers to share information on the relevant programs available, and on how to self-organize to access development programs.

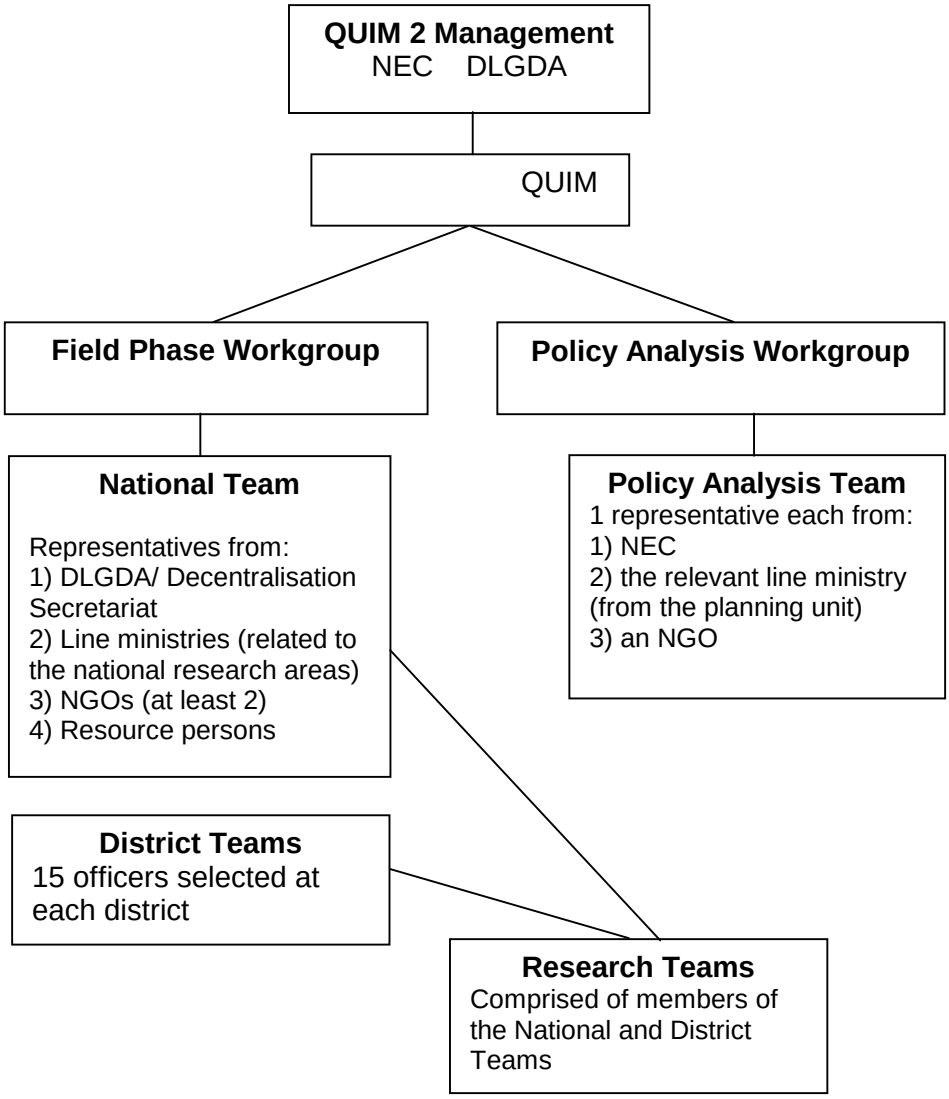
The Preparation and Policy Analysis Phase. The greatest difference between the first phases of QUIM 1 and QUIM 2 is the policy analysis. In QUIM 1, the policy analysis was performed by selected members of the QUIM Team with comparatively little consultation with other actors. For QUIM 2, the task was performed iteratively by the Policy Analysis Team (overseen by the Policy Analysis Workgroup - see Figure 4). The iterations involved consulting additional sources and actors (see Figure 3): first relevant documents, then national-level actors, and finally the six district administrations involved in QUIM 2 (which by then had been identified). The draft policy analysis paper was revised after each iteration. The final version of the policy analysis paper shaped the research guidelines for the Field Phase. Hence the main goal of the policy analysis was to ensure that those areas be covered which are of greatest interest to the stakeholders – demand-driven research.

In the case of the district level concerns, the one which was shared by all six districts (security), became part of the policy analysis paper; otherwise, the district research topics were developed for investigation within the district concerned, only.

The research areas for QUIM 2 thus were determined to be

1. the general poverty situation and changes experienced in recent years (the permanent, "PPA" aspect of QUIM)
2. health
3. education
4. agriculture
5. civic education
6. security (the topic identified by the districts).

Figure 4: The "Organigram" for QUIM 2



Source: Based on NEC (2000, p. 6).

The Field Phase also differs from QUIM 1. It is being performed in two cycles of three weeks, each (again, see Figure 3). Each cycle involves three districts and a total of nine communities (three per district). During the first week of each Field Phase cycle, members of the National Teams (who had attended the National Training Workshop) train the District Teams on QUIM, the use of PRA tools, and data analysis. The second week, the National and District Teams combine to form the Research Teams. In the QUIM 2 communities, they collect and analyze the data each day. Before leaving the community at the end of the week, they hold a feedback/information-sharing session with the community. At this session, the Research Team presents the preliminary findings and provides information on issues brought up during the week by the community members. For the third

week of the cycle, the Research Teams reconvene at the district center and perform the district-level analysis. The Site Reports are written at this point. The experience of the first cycle feeds into the second cycle. Table 2 presents the schedule of the Field Phase.

Table 2: The Schedule of the QUIM 2 Field Phase

	M	Tu	W	Th	F
CYCLE 1 Week 1 *(3 districts)*	Members of the National Team train the District Team on: • The QUIM process and objectives • PRA methods • Gender issues • Analysis A Pre-Test is held to test knowledge and the instruments.				
Week 2 *(9 communities)*	Research Teams introduced to the communities*	Data collection and analysis	Data collection and analysis	Data collection and analysis	Feedback and information-sharing session
Week 3	Reconvene at district centers. District-level analysis. Site Reports are written.				
CYCLE 2 Week 1 *(3 districts)*	Members of the National Team train the District Team on: • The QUIM process and objectives • PRA methods • Gender issues • Analysis A Pre-Test is held to test knowledge and the instruments.				
Week 2 *(9 communities)*	Research Teams introduced to the communities*	Data collection and analysis	Data collection and analysis	Data collection and analysis	Feedback and information-sharing session
Week 3	Reconvene at district centers. District-level analysis. Site Reports are written.				

* In fact, most teams actually traveled to the communities on Sunday afternoon, so as to be able to start the data collection on Monday.

The Analysis Phase. The new aspect for QUIM 2 is that, in addition to the site and national reports, selected District Team members draft reports for the district level. Also, small workshops are held with the District Executive Committee members to generate recommendations.

The Presentation and Dissemination Phase for QUIM 2 will be designed at the end of the Analysis Phase.

The GTZ project and the advisory relationship for QUIM

The Social Policy Advisory Services project began in 1993. In 1997, it brought in a second advisor to help establish QUIM, amongst other duties. The advisor, Renate Kirsch, had already helped to initiate a very similar impact monitoring instrument in Jordan. Although the SPAS project closed at the end of March 2000, Ms. Kirsch has continued to provide backstopping for QUIM 2, which is being funded by the GTZ.

Despite the fact that the PAP established the requirement for it, Ms. Kirsch initially experience a lot of difficulty taking up the subject of impact monitoring within the advisory relationship. Ms. Kirsch believes that the problem was fear of the results – that the government's poverty-alleviation efforts would be labeled unsuccessful. Ms. Kirsch invested intensive "lobbying" activity in order to gain the approval from NEC to carry out QUIM. In the end, it was the PAP Framework Paper that provided the best and most accepted argument for the instrument, because it spells out the requirement for impact monitoring to track the effectiveness of projects and programmes.

An even tougher issue was the need for *qualitative* data on poverty impact. Most NEC staff members are economists, and trained in working with "hard", quantitative and statistical data. Prior to QUIM 1, a lot of advisory effort went into discussing the information gap between poor people's experience of poverty and policy-makers' understanding of it, and how qualitative data is especially well-suited to bridge the gap.

The importance of the poverty focus, on the other hand, did not present any difficulties. It, too, was solidly set down by the PAP. Besides, Malawi is a very poor country by any standards, and policy-makers certainly recognize this.

The difficulty with introducing QUIM as an impact monitoring instrument did not end once NEC agreed to embark on the process. QUIM met a lot of resistance throughout the first round. Ms. Kirsch worked very hard at keeping the QUIM process on track. So much so, that sometimes the work on QUIM 1 got ahead of the approval for it from the Technical Working Committee (the body which oversees the PMS). In effect, Ms. Kirsch drove the process. By the time the fieldwork was completed, ownership for QUIM within the NEC was very low, and Ms. Kirsch regretted having pushed through the course of the first round.

Then the findings were in. As it turned out, the original fear of the results was not without substance: QUIM 1 revealed that people perceived poverty to have increased over recent years. This was in part due to factors outside the government's control, such as

drought. Even so, general elections were planned for early 1999, and the government (like any government) did not want to release information on a worsening trend in poverty before then. Until after voting took place, most presentations of the results were held within NEC, only.

But there is a happy ending. Once the findings were released, feedback was quick, strong and very positive, especially from the district officers and NGOs. A key event in terms of creating acceptance of and commitment to the findings was a workshop held in early 1999 by the Technical Working Committee. The workshop was attended by representatives of NEC, other governmental agencies, NGOs, the academic and research community, and donors, who used the findings from QUIM and four other PMS studies to develop policy recommendations. (See NEC, Poverty and Social Policy Division 1999.)

The value of QUIM thus proven, ownership grew. QUIM has become a respected instrument, and the information the first round provided is seen as being of high quality. Having concrete results in hand also made it much easier to present QUIM to other districts, so the experience of the first round was invaluable to QUIM's decentralization and further development. The need for qualitative information on poverty impact is now well-accepted. Ownership for QUIM amongst NEC and the district administrations has been running high since the beginning of the second round.

The lesson from Ms. Kirsch's experience with the first round of QUIM might be this: perhaps ownership for specific methods or instruments does not have to be built from the start. It could be perfectly legitimate to ask the counterpart for the opportunity to experiment with a tool in order to test its application in the given context. After all, is it really always appropriate to aim for the partners' ownership with a method which is unknown to them? In the case of QUIM, at least, the initial domination of the process by the advisor did not, in the long run, undermine ownership. On the contrary, having fairly quick and good results with the method seemed to strengthen later ownership.

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Case Study 3: The Poverty Impact Monitoring Unit in Sri Lanka

PIMU: some background information

The Poverty Impact Monitoring Unit (PIMU) aims to help establish or strengthen the orientation of development projects towards the impact they have on poverty. For PIMU, a joint Sri Lankan-German initiative begun in November 1998, this means truly gearing projects to the needs of the poor. PIMU takes the viewpoint that looking at impact requires looking beyond the project and its planning documents to the project's context.

During its first nearly two years of existence, PIMU has worked in two main areas of poverty impact monitoring activity: consultative services and performance of catalyst functions.

PIMU provides its **consultative services** on a fee basis, only. It operates more or less like an external consulting firm, although on a not-for-profit basis: the fees it collects are spent on special events and activities, such as "Client Conferences". PIMU's mandate defines the clientele for the consultative services: it is charged with improving the monitoring of poverty-related impact of *donor-supported development projects*. PIMU requires that the consulting contracts are written up in collaboration with and signed by the Sri Lankan project directors. The consulting services offered by PIMU comprise assistance with impact monitoring issues throughout the project cycle (from project conceptualization and planning, through implementation and monitoring, on to evaluation), developing assessment tools, and conducting participatory impact studies.

PIMU has enjoyed fairly high demand for its consulting services, although interest tends to be more on the assessment of general project impact, rather than specifically on poverty effects. In response, PIMU has concentrated more on impact monitoring in this service area, and balanced this by emphasizing poverty concerns in its role as catalyst.

Acting as a **catalyst** for an orientation towards poverty impact, PIMU works in close cooperation with a number of actors in the field of poverty reduction in Sri Lanka: bilateral and multilateral donor agencies, government agencies, NGOs, and academic institutions. PIMU sees its role here as supporting interest in and increasing awareness of the poverty focus in development, as well as helping to broaden the resource pool of information and experts on this topic. Specific activities include:

- A scholarship program on poverty research. PIMU was instrumental in starting this joint initiative of German development organizations active in Sri Lanka. Ten scholarships

have been made available for one year to masters-level students who decide to focus their thesis on poverty issues. The program provides non-financial support as well: the scholarship students also receive intensive academic guidance.

- The Open Forum on Poverty. Several organizations have joined with PIMU to hold these events, in which a paper is presented by an expert in poverty reduction and open discussion follows. The Forums take place approximately four to five times a year; PIMU documents the highlights.
- Resource pool of poverty impact monitoring experts. PIMU does not seek to dominate the Sri Lankan consulting market in the field of poverty impact monitoring, but rather to promote it. Therefore, PIMU organizes regular exchanges for the sharing of experiences within a pool of local consultants competent in this area, and draws on them for fulfilling contract services. The idea is to contribute to qualified, professional, and sustainable advisory services in the field of poverty impact monitoring.
- The Joint Initiative for Monitoring Development Trends in the Central Province (JIMOD). This interdisciplinary study group will analyze poverty trends across key sectors and socioeconomic indicators within a single province. The findings are to be shared broadly in the interest of supporting decision-makers, including those in donor-supported projects, in planning future interventions.
- Documentation and information. PIMU is assembling information resources on poverty and impact monitoring to be made available to the public.

This case study concentrates mostly on the consultative services of PIMU, because experiences in this area are more likely to be relevant to other policy advisory projects than PIMU's experiences in the role of catalyst. The focus on consultative services also allows a better discussion of the main issues taken up by the paper.

The PIMU approach to impact monitoring

When PIMU positioned itself to provide consulting support for impact monitoring, the staff members asked themselves which was more important, to measure outcomes with "objective" methods or to use methods which spur discussion in order to capture impact? Because PIMU understands its mandate primarily as improving the orientation of development projects towards impact, it chose to take the latter route. In other words, promoting and supporting discussion about impact amongst the various stakeholders was felt to be a more effective way to establish and maintain an orientation towards impact within the setting of a development project than would be a more "scientific" approach.

By scientific, PIMU means the use of instruments that over-emphasize quantitative data and claim objectivity, and the exclusive collection of statistically rigorous information. From the PIMU point of view, over-reliance on a single, ”objective” perspective actually limits the amount of useful information on project impact for several reasons. For one, many types of project impact are more amenable to qualitative assessment methods and are only meaningful in their (subjective) context.[9] Take, for instance, empowerment: let’s assume that a standardized questionnaire with a clear, unequivocal scale of degrees of empowerment could be developed for the purpose of statistical analysis. It probably would render a less complete and meaningful picture of how the target groups have experienced empowerment as that which many qualitative methods could provide. Project impact in the area of empowerment is best assessed from the beneficiaries’ subjective point of view within their social context. And the statistical analysis process probably would cost more than the qualitative one – not even to mention the methodological problems, such as how the evaluator’s interpret respondents’ answers, etc.

Which brings us to the next argument. PIMU staff also finds that statistical information is much easier to manipulate than qualitative data. This is an especially interesting opinion, because one of the most frequently stated reasons for using quantitative data is that it is more reliable. PIMU maintains that when stakeholders are allowed to participate in a communication-based assessment process, they have more input into shaping the findings, and chances are better that their perceptions will figure. We will not try here to settle the question of which type of information is more sound, but the point is well taken that just because information is presented numerically and meets statistical standards does not mean it is free of bias or even safe from manipulation.

The most compelling argument PIMU makes for giving priority to qualitative, subjective information on impact is that this mirrors how projects work. Projects do not operate in an objective way, but are extremely dependent on subjective factors. They build on agreement, compromise, and dialogue. Projects are complex systems functioning within complex systems. There usually is no direct, linear path from the project activities to the desired outcomes which will function predictably, regardless of the specific individuals or external circumstances involved. PIMU Team Leader Christoph Feyen uses the metaphor of the simple action of kicking something: when one kicks a ball, the result can be anticipated;

[9] One colleague who read a draft of this paper warned against implying that quantitative and qualitative methods are polarized along the lines of ”scientific” and ”unscientific” – quantitative approaches certainly have no monopoly on ”science”. He is right, but the text stands as is because one of PIMU’s messages is that scientific measurement should not be the main goal of impact assessment within the project, but rather open discussion on impact from the stakeholders’ subjective perceptions.

when one kicks a dog, the result is open-ended and unpredictable – and subject to the dog's disposition. Running a project is more like kicking a dog, and methods for capturing its impact which are flexible and elicit qualitative information are more appropriate.

When is the right time to start thinking about impact? PIMU sees the ideal situation as one in which the view towards impact is introduced at an early stage of the project. Then the impact viewpoint can help steer the project, identify areas that require intervention and areas that do not, and even be used to change the project concept mid-stream, if necessary. Thus PIMU adopts a "learning approach", meaning that the project is to be adjusted continuously in response to – or learn from – the information on its impact.

As mentioned earlier, PIMU enters into a consulting contract with the Sri Lankan project director. The intention is to make sure that the impact monitoring is designed to meet the partner's needs and to avoid putting the German advisor in the role of "boss" of the monitoring system. Still, ownership is a problem, as the payment for the consulting services comes out of the donor's project funds. Beyond this, the Sri Lankan society values politeness – one is very unlikely to hear any objections to an offer of "free" impact monitoring, even if it is not a priority for the Sri Lankan partner organization.

Projects usually call PIMU in when they want to start with impact assessment. The PIMU consultant starts by examining the project documents such as the Project Planning Matrix and the original project proposal. These contain explicit or implicit "impact chains" (which usually have not been reviewed for a long time). The initial discussion with the project staff centers around these chains or impact hypotheses, which often do not (or no longer) hold for the project. Thus the first task of the project in the consultative process is to change or adjust the project concept. This leads to an examination of the project processes.

At this point, the project team often starts asking the PIMU consultants about what impact is. The discussion usually moves on to the staff members giving specific examples from their project work and asking, "is this project impact?"

For these discussions, PIMU normally presents the GTZ impact model because it can be applied easily to projects which are based on a PPM[10] – with some minor additions which the PIMU staff has found helpful. The PIMU additions are the unintended and "shadow" impacts, and process monitoring (see Figure 5). Unintended impacts can be positive or

[10] PIMU also finds the models presented in the RMSH paper "*Prozessmonitoring*" and in relevant documents of the Swiss Development Corporation to be especially useful.

negative, and occur in the projects surroundings (not necessarily amongst the intended project beneficiaries or target groups). Shadow impacts are the changes experienced by the project staff and within the implementing organizations as an effect of participating in the project. Shadow effects include things like personal and institutional learning, and applying the lessons learned to other situations or projects. Many projects automatically perform process monitoring as part of their overall project monitoring (as recommended by the GTZ). By including process monitoring as a separate task in its conceptualization of impact monitoring, PIMU merely seeks to stress the importance of observing the processes (including those unrelated to the project) which brought about the impacts. Typical project-level monitoring looks at the "what" of the project – process monitoring examines the "how".

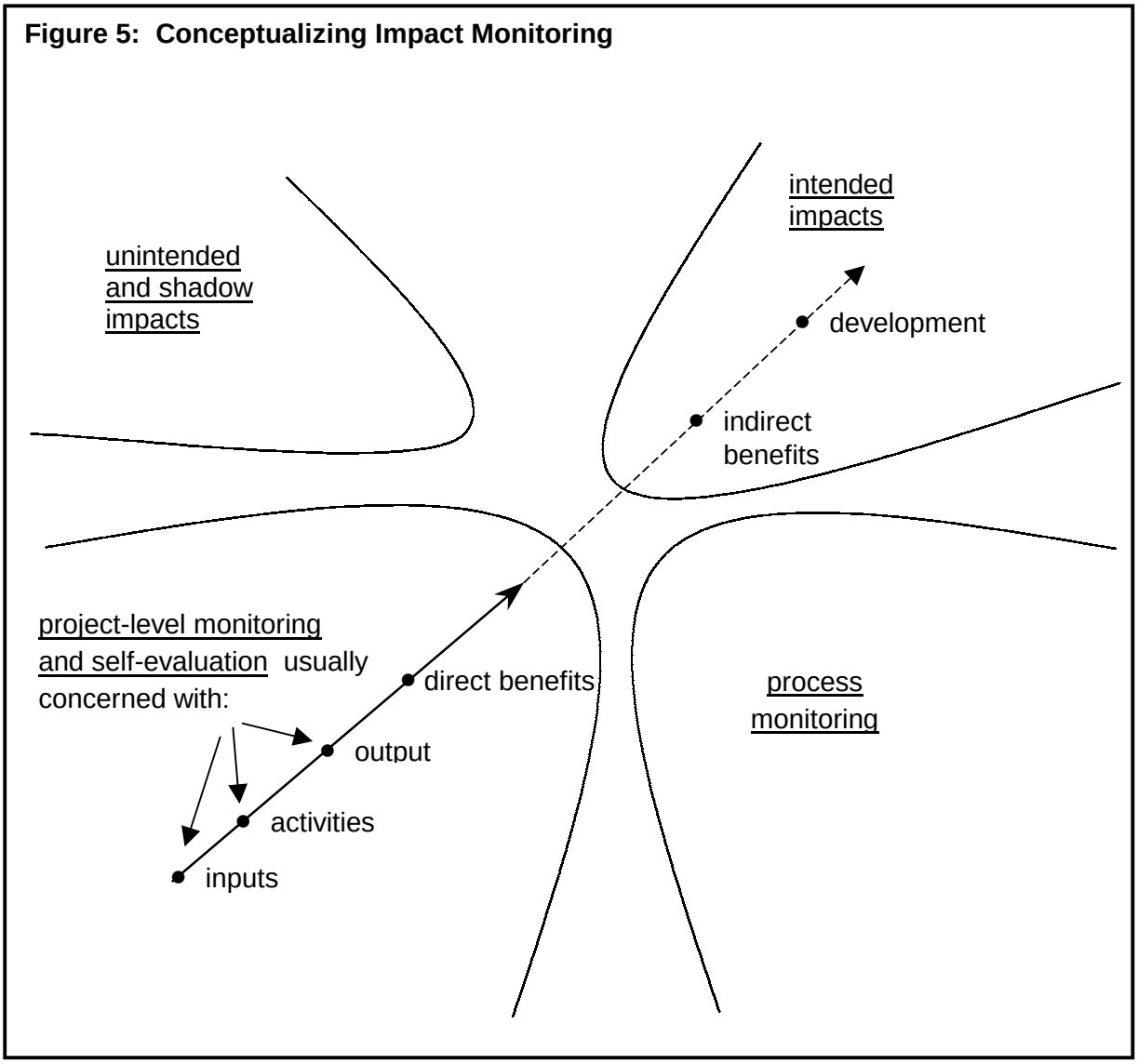
The model is presented merely as a tool to help the project team start discussing impact. PIMU staff is satisfied with working definitions of impact, and finds that focusing too much on the models or definitions leads to an overly theoretical discussion. More important is the willingness to learn together as a team what impact is and what it means specifically for the project.

This carries over to the discussions held with the other project stakeholders. Putting a lot of energy into coming up with a single definition of impact does not respect the fact that impressions of impact are subjective – different stakeholders most likely will have different ideas on impact.

Applying the communication approach, PIMU facilitates discussions on perceived project impact with all key stakeholders on through to the target groups, if possible. In addition to discussing project impact with the various groups involved, PIMU also applies other monitoring instruments. At the level of the beneficiary, PIMU maintains that it is necessary to gather information on at least the three following issues:

- the magnitude or amount of the beneficiaries' use of the project services
- their satisfaction with the services

Figure 5: Conceptualizing Impact Monitoring



Based on: Feyen & Gsänger (undated), p. 4.

- whether and how the beneficiaries transform what they receive from the project into something else.

This is very much in line with the GTZ orientation towards impact, which focuses on the utilization of project outputs and the direct benefits to the target groups.

Impact and the project point of view

There is a high level of demand for PIMU's consultative services. The client projects want to observe their impact (or at least are asked to by the sponsoring agencies) so that the need to look at impact is not a sticky issue in itself. The PIMU approach to impact monitoring, though, is not always valued by the staff of development projects. The communication approach produces a large proportion of qualitative information. Both sides of the project

team (the advisor and the counterparts) tend to feel uncertain about what they can do with this "soft" data, and several clients have requested that PIMU develop and apply more quantitative methods of impact assessment. Projects seem to prefer monitoring impact through preset indicators. But one problem with indicators is that they do not help in observing the unanticipated. Also, determining all indicators in advance reduces opportunities for participation by other stakeholders. Indicators are important and useful, but have their limits. PIMU is exploring how it can respond to its clients' desires and still maintain a balance with the communication approach.

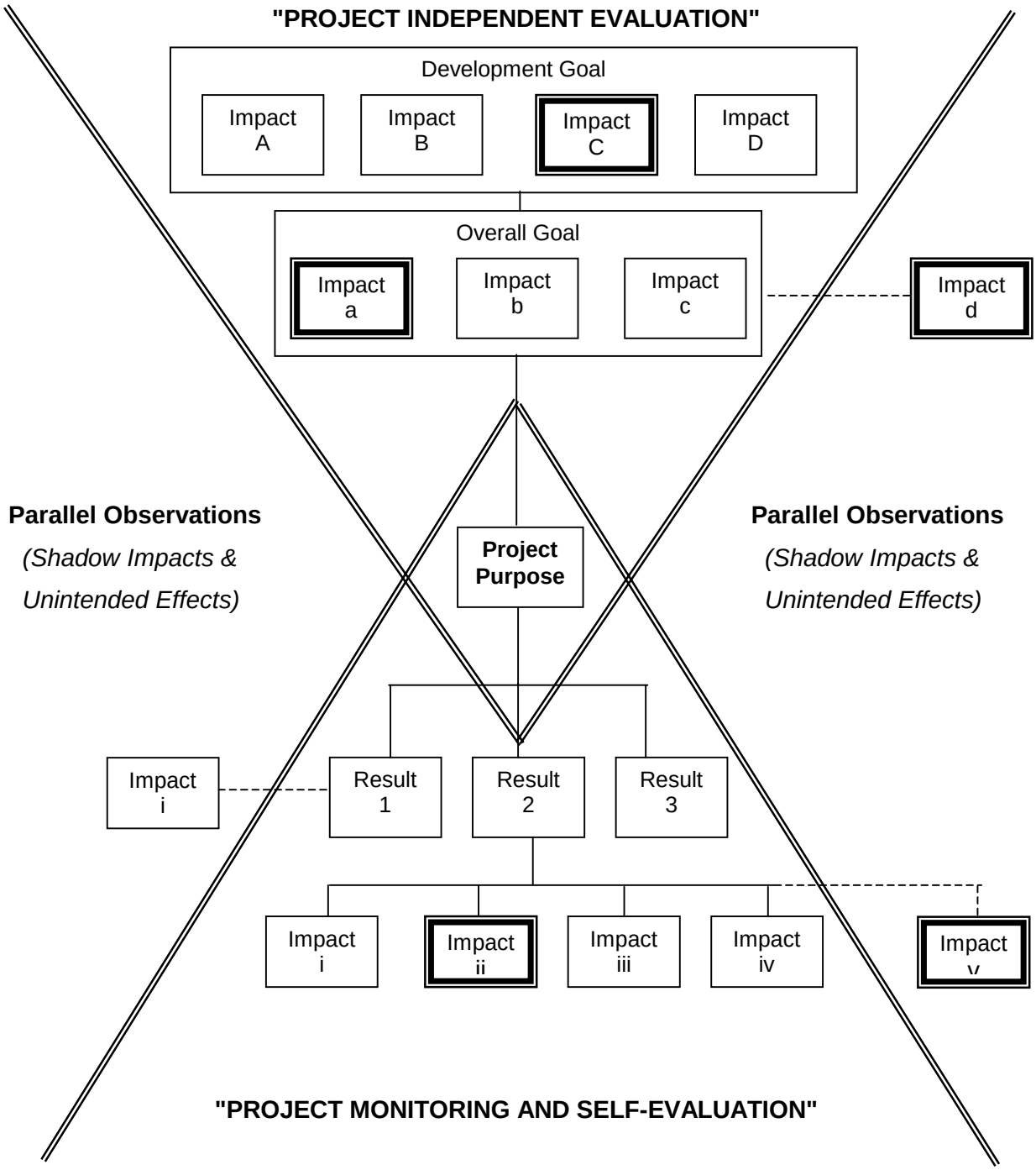
A good deal of the difficulty projects staff has with qualitative data comes from their backgrounds. The Sri Lankan partners in most cases work in a bureaucracy where they have learned to look at activities in terms of the use of resources and tangible output. Often they feel their superiors want "hard" data on impact. Even some donors want primarily quantitative information (especially the banks).

The donor side of the project teams has a hard time dropping the "logframe mindset" in order to adopt a true impact orientation. Many foreign experts feel that once they have a PPM, they are ready to march. The logframe/ZOPP planning approach used in PPMs certainly have many strengths. But they also have their limitations: the PPM can never be more than a simplification of project reality. Looking to impact means looking "outside" of the PPM to the project context – and that can be scary. It could even mean recognizing that some of the activities planned for the project are being performed already by another agency, or simply are not needed. This is a crisis for the PPM, and for the foreign expert who is being held accountable by his or her superiors for fulfilling it. These stakeholders must remember that the project should be trying to achieve impact, not merely to implement activities.

In addition to the fact that the logframe over-simplifies project processes and contexts, PIMU Team Leader Christoph Feyen finds that it also limits the field of vision for observing impact. His further thoughts on the PIMU Conceptualization of Impact Monitoring (Figure 5) and how it can be applied in projects are illustrated in Figure 6.

The Project Purpose from the PPM is the starting point for visualizing how the PPM relates to impact monitoring in Figure 6. It is in the center of the picture, at the apex of two angles: one tipped up and the other tipped down. These two angles represent the views to be taken on impact as prescribed by the PPM. The view to the top includes the

Figure 6: The Relationship of the PPM to Impact Monitoring According to PIMU



Based on: conversation with Christoph Feyen (11 April 2000).

Overall Goal and the Development Goal. The GTZ Impact Model (cf. Figure 1) calls this "project independent evaluation", and points out that an "attribution gap" exists between

impact at the top two levels and the project. The view to the bottom looks towards the project results. (Project activities would, of course, come under the results, but are not pictured in Figure 6.) This is the perspective of "project monitoring and self-evaluation" described in the GTZ Impact Model.

Mr. Feyen's ideas on impact break with those of the GTZ Impact Model to a small degree. For instance, sticking strictly to the Model would prevent the inclusion of the Project Purpose in the view towards the Overall and Development Goals, at least for observing impact. The GTZ main office tends to discourage individual projects from looking at impacts at those levels, because they cannot be attributed to the projects, themselves, with any reliability. Mr. Feyen counters this opinion by pointing out that the view "towards the top" helps a project estimate its relevance to the impacts manifested at those levels. Is project work in harmony with more aggregated developments? Have trends been anticipated or accommodated? In other words, Mr. Feyen is not suggesting that projects try to take the credit (or blame) for the changes taking place in the aggregate, but rather to help check the validity of their hypotheses and to see if the project work is attuned to the changes. Using the Project Purpose to establish the perspective on the "higher-level" impact is therefore not intended to establish causality, but simply to serve as a filter for determining which manifestations of impact could be useful to observe.

The angle pointed down towards the Project Results and their intended Impacts does not present any ideas differing from the GTZ Impact Model, and is fairly self-explanatory.

Then there are some impacts which lie outside the boundaries of the upward and downward perspectives. These represent impacts which were not anticipated by the PPM or other project documents. PIMU terms these ”Parallel Observations” and they include unintended impacts or shadow effects. The dotted-lines to these unanticipated impacts emphasize the fact that they will go unobserved if the project does not purposefully include them by looking outside the PPM.

An example of parallel observations taken from PIMU's experience is a project which works with fisheries as part of community development. In conversation with the project staff, PIMU learned that the project had developed a curriculum for a training course on fishery management. The curriculum not only was successful in the training program supported by the project (a "Project Result" on the PPM), but also had been adopted by two other training centers which were not affiliated with the project (*not* a Project Result anticipated by the PPM). The broader acceptance and use of the curriculum was an important project impact.

But because it was not planned, the project staff would not have recognized or reported it as project impact, if PIMU had not pointed it out.

Still, not all impacts – whether anticipated, unintended, or "shadow" – are worth the time and expense of monitoring. This is illustrated in Figure 6 by the additional, dark boxes around a small selection of impacts: they would be the ones observed by an impact monitoring system. The impacts to be monitored should be chosen because they give the best answers to such questions as:

- Is the project relevant to its context?
- Where are project services working well? Where are they not working?
- How should the project adapt in order to be more effective?

PIMU uses an exercise to demonstrate to projects that not all impacts need to be monitored in order to steer the project. PIMU divides the project team into two groups, and gives each group five pieces from a full-size picture puzzle. The teams are given three minutes to see if they can figure out what picture the puzzle makes when put together. One team is not able to come up with the answer, but the other team has the solution in a fraction of the time allowed. Why? Because the first team has been given inconsequential pieces (sky, railing, a patch of green), while the other team has received key pieces (of a popular soccer player's face and uniform, a soccer ball). The message: you don't need a large number of pieces to the impact puzzle as long as you choose the important ones.

PIMU's views on impact and development cooperation

The main message PIMU has for individuals and organizations in development cooperation is this:

MORE IMPORTANT THAN *MEASURING* IMPACT IS IMPROVING THE *ORIENTATION* TOWARDS IT.

A true orientation towards impact is only possible when projects open up their visual field to look to project context, not just to the planned results.

One thing that can make it more difficult for projects to adopt such a perspective is inappropriate expectations from higher-level stakeholders. Often, the head offices of implementing agencies or government ministries funding development projects want to know concretely what their investments in development cooperation are achieving. They even give the impression that, ideally, they would like to be able to rate the impact of projects and programs on a numerical scale. This simply will not be possible.

Mr. Feyen points out the example of a recent study on the employment promotion measures carried out for the last ten years in the new German states. The study was not able to concretely or numerically establish program impact. Other examples can be taken from the social programs of any industrialized country: significant impact can seldom if ever be proved. But such programs enjoy a political consensus in their countries, so they are continued, nonetheless: there is political and societal agreement that such programs are important and should receive investment. Furthermore, the countries believe the programs achieve important outcomes, even if they cannot be scientifically proven. Perhaps when discussing the impact of development cooperation with government agencies, we should point out the difficulties of measuring the impact of social programs in a concrete and provable way in Europe or North America. Why should it be any more feasible to perform this difficult task for technical cooperation in developing countries?

Therefore, PIMU warns development cooperation projects against automatically adopting a cost/benefit-analysis mindset when performing impact analysis. For the vast majority of project types, it is extremely difficult to come up with "proven", attributable impact and then to put a numerical value on it. Such an approach would also limit the degree and quality of stakeholder involvement in the process. And, as PIMU sees it, the main reason for the impact monitoring system is to involve stakeholders in the discussion of impact in order to improve the projects orientation towards it. Through a communication approach, the various actors and beneficiaries should share their perception of impact and together, develop instruments for observing it, and ways to institutionalize the monitoring system.

Sources

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Section 3: Lessons from the Case Studies and Tips from Other Sources

FOSIS, QUIM and PIMU are useful cases for examining impact monitoring issues because they provide three different and complementary viewpoints. FOSIS assesses the impact both of the advisory project and of its own programs. QUIM performs policy impact monitoring amongst the target groups. PIMU supports impact monitoring within donor-sponsored development projects. Additionally, all three cases emphasize the poverty focus.

This section presents the lessons from the cases. It addresses the three issues presented in Section 1: developing impact indicators, setting the scope and focus of the assessment, and dealing with difficult issues related to impact monitoring in the advisory relationship. Each sub-section also presents some tips from other sources. A fourth sub-section is included which presents a couple of personal lessons for project advisors and staff.

Indicators

The three case study projects are unanimous on two points:

1. Impact monitoring does not begin with setting indicators. When specific indicators are important to the monitoring system, they are determined at a point well into the process (shortly before method selection and data collection).
2. The stakeholders should participate in the selection and rechecking of the indicators.

Other than that, the cases reveal two quite different stances towards indicators.

Of the three projects, only FOSIS explicitly emphasizes the use of indicators in monitoring impact. The FOSIS program lends itself to the use of impact indicators: it works in a fairly well-defined sphere of activity (micro-enterprise development and promotion). Moreover, at least some of the phenomena which the program tries to influence can be measured with "classic" indicators (e.g. "SMART" indicators – see Table 3). In strengthening the capacities of poor entrepreneurs and their micro-businesses, figures on beneficiary household income, sales turnover, production levels, number of employees, and the like, can reveal important aspects of program impact.

QUIM takes a very different view of indicators. It neither sets nor tracks them. Instead it relies on the target groups to define poverty and state how they experience change in their poverty situation. Hence it is the target groups who determine the "indicators". In fact, QUIM is not an indicator-based monitoring system, but rather is built on impact *hypotheses*. The QUIM staff analyzes the selected policies as to how they address poverty. Then they develop

hypotheses as to what is expected to be happening in the communities if the policies are working as intended – or if certain problems are occurring.

Table 3: Indicators – SMART or SPICED?

Many are familiar with the acronym SMART for the properties of "good" indicators: that they be Specific, Measurable, Attainable, Relevant, and Time bound. Did you know that indicators can also be SPICED? Indicators that are SPICED are Subjective, Participatory, Interpreted, Cross-checked, Empowering, and Diverse. The following table presents these two possibilities. (Of course, a monitoring system could use *both* types of indicators.)

SMART Properties	Explanation	SPICED Properties	Explanation
Specific	Focus on those things the project intends to change, not on phenomena largely influenced by other factors.	**S**ubjective	Capture the special experience and unique insights of the informants.
Measurable and unambiguous	Are precise, objective and comparable across groups.	**P**articipatory	Developed together with those who can observe them best: target groups, local implementing staff, other stakeholders.
Attainable and sensitive	Can be achieved by the project and change in response to the project's activities.	**I**nterpreted	Explained by those who develop them so they can be communicated to others. (Local indicators might not mean a lot to outsiders.)
Relevant	Relate to the project.	**C**ross-checked and compared	Validated through comparison with other indicators and by using different informants and methods of collection.
Time-bound	Reflect at what point in time changes can be expected.	**E**mpowering	The process of setting and observing the indicators empowers the groups and individuals to think analytically about their situation.
		Diverse and disaggregated	Different groups should be supported in setting their own indicators – especially men and women. The information should be processed to maintain the differences over time.

Source: Roche 1999 (48-49).

QUIM helps Malawian policy-makers by delivering explanatory information on impact, not measurements. Therefore, QUIM sheds light on the appropriateness of existing policy and points out policy gaps. It could not do this as well, as quickly, as flexibly, or as inexpensively if it was based on the monitoring of preset indicators.

PIMU falls somewhere between FOSIS and QUIM in the way it works with indicators. PIMU tends to prefer qualitative information and play down the role of indicators, but finds

that it needs to develop more instruments to quantitatively capture impact in order to meet the demands of its clients.

Perhaps the best way for a project to approach the question of indicators is not to ask it at all. Instead of asking "What indicators do we need to monitor project impact?", the project team should ask, "What type of impact do we want to have? How could we observe it? What kind of questions do we have about the impact of our project?" Once they have answered these questions for themselves, they should go to the stakeholders to further develop indicators or hypotheses.

The last statement is a lesson that all three projects teach us: select indicators (or develop impact hypotheses) with the participation of the stakeholders. And remember that even when performing indicator-based monitoring, there are alternatives to classical, "objective" measurements.

The scope and focus of the impact assessment

Section 1 pointed out that projects must answer some basic questions as part of setting the scope and focus of the impact assessment:

- Whose or what's impact will be the focus? The impact of the advisor, of the project, or of the partner institution?
- What level of impact will be monitored? The impact of the direct project beneficiaries, the impact on intermediary organizations, or the impact on the ground?

Turning to the question of *whose* impact shall be the focus, Section 1 established that the impact of the advisor would not be taken up in this paper. Also, as Ms. Thurau pointed out, it would be extremely difficult to separate out her impact as an advisor from the overall project impact because she is very integrated into the FOSIS administration. In fact, a high level of integration into the project team could generally be defined as a desired impact of the advisory work, because it implies that the advised unit accepts the advice to a great extent. Paradoxically, this positive outcome of the advisory work limits the degree to which the impact of the advisor can be isolated.

In practice, the question of whose impact to focus on has strong ties to the question of which level of impact to monitor (within the institution, along the chain of intermediary agencies and organizations, or on the ground). So the issue of whose/what's impact is discussed together with the level of impact focused on in each of the case studies.

FOSIS considers both the impact of the policy advisory project as well as the impact of the institution's programs. From the perspective of the policy advisory project, FOSIS looks at project impact within itself as the advised institution, on the intermediary organizations, and even on the beneficiaries (cf. Table 1). FOSIS also looks at the impact of its programs on the beneficiaries, as well as the effects on poverty.

QUIM does not focus on the impact of the SPAS project (nor was project impact monitoring performed by SPAS). It does not even take up the impact of the partner institution. QUIM look at the impact on the target groups of selected poverty-alleviation policies, and so represents one *output* of a policy advisory project. As such, QUIM provides a very good example for policy-related poverty impact monitoring. Other policy advisory projects could base a monitoring system on QUIM, either as an output of the project or to examine impact on the ground of a policy advisory project or of the advised institution. (For monitoring project impact only, it most likely would not be worth the expense to establish a strong institutional structure for an instrument based on QUIM.)[11] The scope of each round of investigation is set first by the policy documents and then further refined by the key relevant stakeholders.

In its consulting work, PIMU has focused exclusively on project impact. A discussion of the intended impact as stated or implied by project documents is the starting point for setting the scope and focus of the impact assessment. PIMU advocates looking at impact from the perspective of each stakeholder group, which would include any intermediary organizations. At the level of the beneficiary, PIMU agrees with the GTZ orientation towards impact and maintains that projects must assess 1) how much the target groups use the project services, 2) how satisfied they are with the services, and 3) how they put the services to their own use by transforming them into something else. Additionally, PIMU is part of an alliance studying poverty trends in a single region in Sri Lanka, and so also performs project-independent assessment at the level of the target groups.

Each of the cases set the level and focus of the impact monitoring activities based on the information needs of the project and/or the advised institution. Most other parameters of the impact assessment were decided in a participatory way. That is, a range of stakeholders

[11] QUIM as a policy impact monitoring instrument is probably most effective when the institution with which it is affiliated has a broad, preferably cross-sectoral focus and has strong ties to other ministries/organizations. QUIM provides a range of information which can be too wide to be adequately processed or used by a single ministry or for a single sector. The ideal institution for QUIM would be a poverty unit with a strong mandate and well-defined coordinating role. Strong government commitment to poverty alleviation is, of course, beneficial.

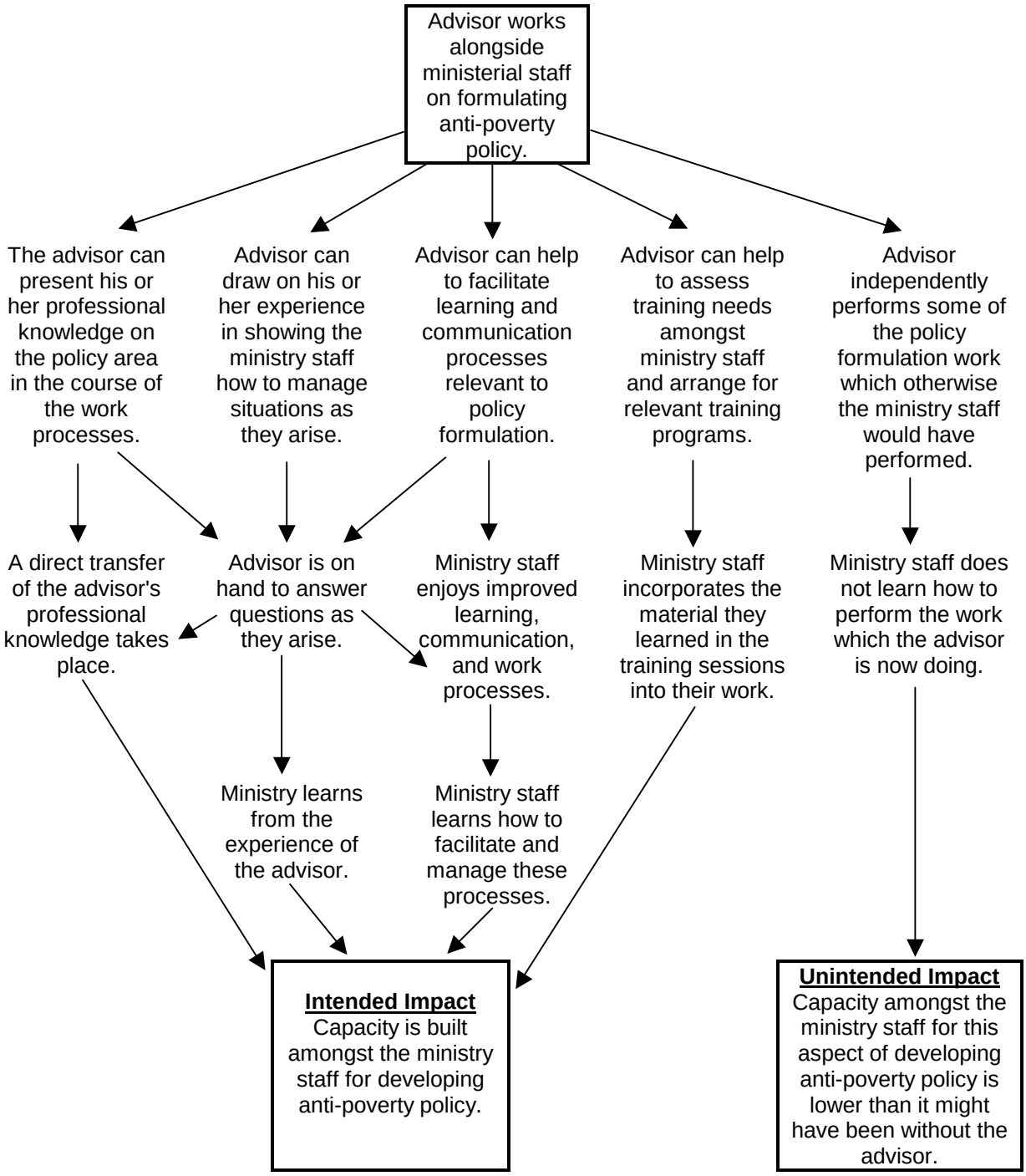
were involved in determining the groups amongst whom impact will be monitored, the specific (project) activities to be monitored, the types of impact (behavior or changes) to be observed, the timeframe for the monitoring activities, how far to follow along the chain of impact hypotheses, etc. Neither the advisor nor the project needs to (or should) set all aspects of the scope alone – many of the parameters of the impact assessment should be negotiated and determined in a communication process with the main stakeholders.

To support this process, several good guidelines and concepts exist. Three schema which could help to give some structure to the discussions on impact between projects and their stakeholders are theory-based evaluation, mapping the flows of project service provision, and defining stages of policy advocacy work.

Theory-based program evaluation (Weiss 1998: 55-70) starts by mapping out the explicit and implicit hypotheses of how the project works, or the project's "theories of change". These program (or project) theories are surfaced through project/program documents and discussion amongst the project personnel and other stakeholders. It is advisable to map out not only the operative theories of change, but also alternative change flows, so that possible unintended effects are considered.

Figure 7 provides a picture of a very basic map of change theories for one aspect of an (overly-simplified) policy advisory project, just to give an idea of what it could look like. Such a map could be drawn up for project objectives, institutional objectives, policy objectives, etc. In other words, the mapping of theories of change can be used as a tool to support impact monitoring at any level of impact. The map helps to establish whether project activities plausibly relate to outcomes and to illustrate where it could be appropriate to make impact observations. Those monitoring the impact would need to check whether each change that was expected actually occurred or not, if the change went in a different direction, or if additional changes took place (which may or may not be interesting to follow). Mapping the project theories of change is similar to what FOSIS did when elaborating the impact hypotheses (see Table 1).

Figure 7: A Map of Theories of Change for a Policy Advisory Project



A similar exercise is mapping the flow of service provision of the project (Lobb-Rabe & Steigerwald 1999: 215-17). Instead of charting the theories of change, a map is made of the stakeholders and intermediary organizations involved in the chain linking the policy advisory project to the end beneficiaries and target groups. Again, its purpose is to identify

the levels or stations along the chain at which it is could be useful to assess impact. This sort of map, too, helps establish plausible connections between the project and impact observed at each level. FOSIS also performed an exercise very similar to this one in which the staff charted the chains of actors and institutions involved in the delivery of FOSIS services.

Neither the map of the program theories of change nor the map of the flow of project service provision is to be construed as a "causality chain" or "chain of cause and effects". They are simply intended to make relationships between intended events or between actors and institutions obvious, and so to assist the design of the impact assessment or impact monitoring system. They thus support the goals for impact monitoring of providing a "reality check" for the project work, establishing plausibility between project approaches and outcomes, and identifying how much meaningfulness and coherence of the project work filters through the political processes.

The final conceptual tool presented here for aiding discussions on impact is the Oxfam scheme of stages of the policy advocacy process (Roche 1999: 198). The scheme identifies 6 stages of policy advocacy work:

1. Heightened awareness about an issue
2. Contribution to the debate
3. Changed opinions
4. Changed policy
5. Policy change is implemented
6. Positive change in people's lives.

This scheme can assist discussions about impact by helping the stakeholders to orient levels of impact in relation to the advisory work itself (instead of by affected group or "distance" from the project activities along an imaginary continuum). Oxfam warns that the stages are presented in a deceptively linear manner, while in the practice, much of the work is performed iteratively and/or non-sequentially. Also, it is advisable to observe any negative changes in people's lives which occur as an effect of the new policy.

Theory-based evaluation, mapping the flows of project service provision, and defining stages of policy advocacy work are three tools which potentially could help the impact assessment stakeholders discuss and define the parameters of the investigation. But they do not constitute a "toolbox", even together with the other models presented in this paper. There are many other useful schemes available. Projects are encouraged to research the various

alternatives (new tools are created all the time), and choose a selection of alternatives which seem appropriate to their situation.

Impact and the advisory relationship

Of the three case studies, only QUIM provides us with an example of a project in which the subject of impact presented an especially difficult issue. In the other two cases, the relevant counterpart organizations *wanted* to perform impact assessments. Hopefully, with the strong emphasis of the last several years on impact monitoring amongst development organizations, the need to look at impact has and will continue to become more readily accepted by the institutions and organizations receiving policy advice. However, all three cases did experience "sticky issues" related to impact monitoring with a poverty focus. Although it will not be possible to come up with guidelines or strategies which can be applied in all situations where policy advisory projects are faced with resistance to impact monitoring and difficulty with related issues, the three projects offer some insights and tips.

When resistance to impact monitoring exists, sometimes it will be encountered by the policy advisor within the project unit, and sometimes it will be a problem for the project team vis-à-vis its larger institution or other stakeholders. There are no patent solutions to such challenges for policy advisory projects and their advisors – the answer will always depend on the specific personalities involved. Generally speaking, the same advisory and advocacy skills and strategies used by the advisor or project for the policy issues must be applied to promoting impact assessment: sensitization, education, persuasion, negotiation, mediation, etc. Ms Kirsch reported having to invest a lot of "lobbying work" to gain agreement on the need for impact assessment. Luckily there is a large and growing body of literature and other resources on impact assessment to draw on, and the issue has many proponents who can be referred to in the advisory and advocacy work.

The cases provide some good strategies for promoting impact assessment when fear amongst the stakeholders is the problem. One is to emphasize the communication approach advocated by PIMU. If the goal of the monitoring system is to improve the orientation of the project's or institution's work, and not to assign some sort of "impact rating" to it, the idea of performing impact assessment is a lot less threatening. PIMU pointedly makes the counterpart project director the "boss" of the assessment, which could work well in other situations. Knowing that one will be able to maintain some control over the process can allay fears about it.

Resistance to a subject can be overcome slowly through frequent exposure to it. The FOSIS and PIMU case studies highlighted the need to emphasize aspects of impact throughout the project cycle. The word "impact" ideally should not come up the first time in connection with assessment, but desired and undesirable impact should be discussed from the earliest planning stages on through the entire lifecycle of the project. Ms. Thurau suggests introducing the impact viewpoint into every workshop and training session and holding small workshops on impact for local staff and experts.

Ms. Thurau also finds that much of the difficulty advisory projects experience with the subject of impact assessment could be minimized by starting with the establishment of an impact unit within the partner organization. Similarly, the fact that impact monitoring was required by the PAP Policy Framework Paper in Malawi helped to establish the need for QUIM. Such types of support for impact assessment might not be available to many existing projects, but should be kept in mind for the planning of new ones.

All three of the cases used workshops extensively in all phases of impact monitoring design, including the work with the stakeholders. (The idea of workshops for such tasks is not revolutionary or new, but it is nice to have it confirmed. And workshops did work very well in each setting.) The lesson learned in QUIM should be kept in mind that capacity for performing analysis and interpreting the results could be quite week – training and guidance on analysis should figure in the workshops.

A very useful approach to introducing impact assessment in the face of strong resistance was pointed out in the QUIM case: the advisor or project could ask for the opportunity to carry out an impact evaluation or set up a monitoring system as an experiment. The partner institution could be told that it was in no way bound to the system or the findings, but simply could see if the results of the "experiment" would be useful. It probably would help to agree on a timeframe for the experiment, and a point at which the partner institution could decide if it wanted to continue the process on its own (or with support).

The QUIM case also gives some indication of what to do when resistance is encountered at distinct steps of the impact assessment process, or when the findings turn out to be sensitive. When the findings of QUIM 1 could not be made known generally because of upcoming national elections, the NEC staff simply presented them to the groups to which they had access. The lesson is to acknowledge the limitations which exist but to be

persistent and pursue the objectives of impact monitoring where, when, and with whom you can.

Most of these lessons or tips can be applied to the other areas of resistance which were experienced by the three case study projects: the poverty focus, the acceptance of qualitative information on impact, the benefit of adopting a client orientation, and bringing (more) participation into the assessment. That is, sensitization to these issues can be encouraged through bringing them up in conversations whenever possible, by highlighting the fact that many experts and organizations uphold them as valuable, by including them as at least minor subjects in workshops and training programs when appropriate, by being persistent, etc.

Finally, if a great deal of resistance to questions of impact is encountered in the advisory relationship, why not just concentrate on something else? There are many management tools out there which relate to impact, but could sound a lot "safer" to the advised organization. And although most of these tools, themselves, might not result in impact monitoring, they could provide a foundation for and a pathway to it later on. These methods include creating a vision (for the project or for the advised organization), "management by objectives" or "results-based management", and performance evaluation. Performance evaluation is one tool used by the "new public management" school, and so is especially appropriate for government advisory projects.[12]

Most likely, project advisors are already using these or other management and organizational development tools which could serve as fertile ground for an impact orientation and impact assessment. They should be assured that their efforts with them help to build an organizational culture geared towards results and impact. The next step is to use the opportunities the tools provide for discussing impact, and recognizing impact as it is revealed through applying the tools.

Lessons for advisors and project staff

The case studies have raised a couple of issues which indicate the need for a shift in thinking on the part of many advisors and project staff members. The concerns have to do

[12] The tenets of new public management are very much in line with many goals of government advisory projects. Mawhood (1997: 135) lists the tenets as: focusing on outputs rather than inputs, driving by goals and not by rules and regulations, redefining clients as customers, decentralizing authority, using market rather than bureaucratic mechanisms, introducing private finance, empowering citizens, and catalyzing the public, private, and voluntary sectors. Capacity development should be seen in relation to these tenets or objectives.

with the poverty focus in impact monitoring and the PPM or logical framework "mindset". To these should be added the need for projects to define more precisely what they mean by "capacity building" and to initiate the monitoring of it, as part of or in conjunction with impact assessment.

Two of the cases reported facing resistance with the poverty focus. This is especially disquieting in the case of PIMU, whose clients for consultative services on impact monitoring are donor-sponsored projects – including GTZ projects funded by the BMZ. It is truly a sad situation when the development projects of donor organizations resist the poverty outlook in their work. Surely many other donors take the stance of the BMZ that assessing how their projects addresses poverty is mandatory.[13]

The message for policy advisory project advisors and staff is this: the relationship between the project and poverty can no longer be neglected. At least the first step should be taken, which is to work out the impact hypotheses or "theories of change" which connect the policy advisory project with the poverty situation. Then the next steps would be:

- based on the hypotheses, monitoring whether the theorized changes are taking place as expected, on through to the relevant changes in the poverty situation
- if at all appropriate, monitoring in a gender-differentiated way 1) whether the poor are the actual recipients of related services, 2) how they value the services, and 3) the direct benefits (or unanticipated drawbacks) of the services to them.

Another matter which project advisors and staff need to take up is the relationship between the PPM or logframe and project impact. The beauty of impact monitoring is that it gives a different, alternative perspective on project work to that of the PPM. It allows projects to highlight the most significant aspects of their efforts in terms of making a difference. Both PIMU and FOSIS emphasize that the point of a development project is not to perform activities, but to effect changes, to have *impact*. This impact cannot be recognized within the framework of the PPM. Furthermore, an impact orientation grounds the project in reality, and so is crucial to meaningful, relevant projects. In other words, project advisors and staff are enjoined to take up impact monitoring as something different from and complementary to the PPM – to release themselves from the logframe mindset and see the bigger picture.

[13] For instance, the World Bank and OECD-DAC have embraced the reduction of mass poverty as the controlling idea of their work in this century. (Kasmann & Kampmann undated: 1. Their paper provides an excellent guide on the role of poverty alleviation in German development cooperation.)

Yet for most policy advisory projects, an awful lot of the project's and advisor's efforts go into capacity building. This means that the relationship between much of the project work and effects on the ground – not to mention effects on poverty – are very tenuous. Which does not remove the requirement to look at impact (or at changes on the ground, as the last paragraphs emphasize). It does mean, however, that a great deal of the impact will need to be defined in terms of the capacities built.

The specific needs (for professional training, for using various analytic and management tools, for learning to use various information technologies, etc.) probably will not find their way into project documents. Which is fine and very appropriate: one suggestion for determining capacity development needs is to rely heavily on the self-evaluation of the advised unit. The self-assessment of needs and of progress with capacity development should be established as a sort of monitoring – capacity development monitoring – which can feed into impact monitoring at the level of the partner organization and its direct contacts and beyond.

Just as most development projects benefit from impact monitoring, effective capacity development relies on capacity development monitoring. The following table presents and contrasts the conventional levels of impact with the levels of capacity development according to Morgan (1999: 8). (Cf. Figure 1). Ideally, the capacity development monitoring should be designed to meet the needs of the advised institution.[14] And this mirrors the main thesis of this paper, which is that impact monitoring should serve the needs of the project.

Table 4: Levels of Impact and Levels of Capacity Development

The conventional levels of impact	**The levels of capacity building**
present development conditions	present pattern and level of capacity
project inputs	project processes
project outputs	capacities
development outcomes	development outcomes
development impact	development impact

[14] Morgan does not find that this will always be possible. For a discussion of the constraints to designing a needs-based capacity monitoring system, see Morgan 1999 (22-23).

Summary, Conclusions and Recommendations

Despite the many difficulties involved in impact monitoring for policy advisory projects, the projects are encouraged to perform it. In order to keep development work on track in fighting poverty, they could carry out project impact monitoring, policy impact monitoring as a project output, or (ideally) both. Either way, they are advised to employ a **communication approach** which focuses on the subjective views of impact amongst the various stakeholders. There are many reasons for adopting such an approach:

- It can be significantly less threatening to stakeholders who tend to resist impact assessment.
- It captures essential aspects of project work (or policy effects) which seldom can be elicited so richly by "objective" methods.
- It usually is more compatible with project resources than rigorous statistical or evaluation methods. It also better meets the needs of the *project* (as opposed to those of the financing or implementing agency), and is more likely to be sustainable.
- It serves purposes of quality control, learning and project steering extremely well.
- It is well-suited to uncovering unintended and negative impacts.
- For impact monitoring in policy advisory projects, the process is at least as important as the findings; the communication approach emphasizes the process.

Another good reason to employ it is that practical experience with impact monitoring in policy advisory projects confirms the usefulness of a communication approach: FOSIS, QUIM and PIMU all apply a communication-based approach.

This emphasis on communication and subjectivity should not be construed to mean that measuring impact should never be done. The point is that the primary objective should be to capture input on meaningful impact in order to reinforce the orientation towards it and to check the relevance of the project to the given (poverty) situation. If the information gained can also provide a fairly reliable *measure* of project or policy impact, so much the better.

Having an orientation towards impact and keeping the policy or project on track require observing at least some effects amongst the end target groups or "on the ground", especially for policy advisory projects which work on a macro level. Still, observations of plausible or related impact at these levels are not performed in order to *prove* that the changes can be attributed to the project, but, again, only to match up project efforts with the real world.

Because poverty is broadly accepted as the number one development goal, **impact monitoring should include the view on poverty**. (This is certainly true for projects financed by the BMZ.)

Issues which have proven to be especially difficult or confusing for the advisors and/or staff of policy advisory projects are:

- Developing impact indicators.
- Setting the scope and focus of the impact assessment.
- Dealing with resistance to the subject of impact in the advisory relationship.

The fact that **indicators** are an issue probably points to an overly strong orientation to the PPM or logframe. In practice, developing impact indicators comes later in the process of assessing impact (or not at all, if the monitoring system focuses solely on impact hypotheses and "theories of change") and ideally draws on the participation of the important stakeholders. When indicators are selected or developed, it is best to begin by asking: What type of impact do we want to have? How could we observe it? What kind of questions do we have about the impact of our project?

The two first questions to be asked when setting the **scope** of the assessment are, "Whose impact will be monitored" and, "At what level shall impact be monitored?" For monitoring project impact, it is perfectly acceptable for the project to answer these questions based on its own needs. For instance, the project might want to determine that its own impact will be the focus, and that the primary levels to be observed are impact in the partner institution (capacity development) and project impact amongst selected intermediary agencies. Other aspects of scope or the parameters of the assessment – which specific project activities should be focused on, how far to trace impact, the timeframe, etc. – are then best addressed in collaboration with key stakeholders. And again, some view to the situation on the ground should be fed into the impact monitoring system.

The issue of how to deal with resistance to an impact orientation or impact assessment within the advisory relationship is the hardest one to answer in a paper. It always will depend on the particular constellation of actors and situations involved. Essentially, resistance to issues of impact requires the application of the same set of skills and strategies which the advisor employs in all aspects of the advisory work. Still, the case studies provided some good lessons on what to do in such situations.

The use of the communication approach, itself, is a good way to overcome resistance to impact issues for the reasons listed at the beginning of this section. Issues of impact should be brought up throughout the project cycle, not just at the end when the point is impact assessment. Exposing the resisting parties to impact concepts whenever the opportunity presents itself is helpful, too. If the resistance to impact simply cannot be overcome, the advisor and/or project could ask for the opportunity to assess impact as a non-binding experiment. Then the partner organization would have the opportunity to evaluate the merits of impact monitoring based on actual experience and results. Alternatively, the advisor could emphasize other management and organizational development tools which relate to impact or involve a results orientation in the hope that they eventually will pave the way to the acceptance of impact monitoring.

Table 4 summarizes the views of this paper on impact monitoring performed within and/or by policy advisory projects.

Table 5: The Big Questions About Impact Assessment (and How this Paper Answers Them)

WHY?	To better address the specific poverty situation within its own dynamics For the learning involved To steer the project; to maximize project/strategy/policy effectiveness To *orient* work *towards* impact (not to *measure* impact)
WHO?	Project staff (both the donor and the partner country personnel) Beneficiaries Target groups Other important stakeholders Outside facilitators/technicians (if needed)
WHAT?	Impact and poverty effects of the project/policy/strategy
WHERE?	At all levels deemed important by the stakeholders: from the project unit, through intermediary levels, on to target groups
WHEN?	As ongoing process throughout the lifetime of the project
HOW?	Emphasizing communication and participation Including subjective perceptions Avoiding a "PPM mindset" or an automatic cost/benefit point of view

Finally, advisors and policy advisory project staff are recommended to consider three aspects about the way they, themselves, deal with impact.

- The PPM should not be religiously adhered to when focusing on impact. It is a tool to support the planned and systematic implementation of the project, but is not an end in

itself. The logframe is at best a simplification of project reality. The orientation towards impact provides an alternative viewpoint which helps to ensure that project work is meaningful and relevant.

- The impact monitoring or assessment performed by policy advisory projects should include relevant aspects of the poverty situation.
- Projects should be concrete and specific about what, exactly, they mean by "capacity development". Self-evaluation by the advised unit and capacity development monitoring can play central roles here.

A few questions which were raised by GTZ planning officers were not explicitly answered in this paper. They are presented along with potential answers in Box 4. Generally, most questions of impact monitoring should be answered together with the stakeholders.

The next sub-section presents some recommendations to the head office staff of the GTZ who are concerned with impact assessment and monitoring. The paper ends with "Do's and Don'ts for Impact Monitoring in Policy Advisory Projects" (Box 5).

Box 4: Odds and Ends – Questions about Impact Monitoring Asked by GTZ Planning Officers

The GTZ planning officers interviewed for this paper posed many specific questions about impact monitoring in policy advisory projects. Generally, the answer to impact monitoring questions should be answered by the stakeholders of the monitoring system. Nonetheless, some answers to the questions are posited.

How can you be sure that what you are observing is *project* impact?

- Under the communication approach to impact monitoring, it is the stakeholders' perceptions of impact which are important. If they believe what is being observed is an impact of the project, that is enough to make the observation relevant to project steering. The point of impact monitoring under this approach is not objective measurement of project impact.

Is it necessary to uncover precise cause/effect relationships? Or is it maybe even better to identify how the advisor contributed to an improved policy?

- It is very helpful to establish plausible relationships between the project or policy and the impact observed. Cause/effect in the vast majority of cases cannot be proven. For monitoring the impact of the project, it probably is not useful to isolate the impact of the advisor. (But it might be of great interest to the donor organization in its own assessments.)

It is often difficult to know at the beginning of the project what types of impact will be generated, or even which direction the project will take. What do you do then?

- This actually is not such a bad situation: project impact will then *include* the direction the project takes. The important thing is to emphasize the value of having an impact orientation from the very beginning of the project.

Should impact monitoring take into account not only the "counter-factual" (what would have happened without the project), but also the impact when the advice directs decisions to one of many possible choices? I.e., do you need to compare the actual path taken by the partner institution with the other alternatives, any of which may have been chosen without the advisory services?

- Again, this question points to issues which might be more relevant to the implementing or funding agency than to the project and the partner institution. As far as counter-factuals go, they should be taken into account when the impact monitoring stakeholders feel they are significant and when they are available.

How do you take into account the impact which occurs as part of the continuing process *after* the advisory services end?

- Hopefully, the impact monitoring system will be sustained by the partner organization after the end of the project, which will continue to consider impact after that point in time. The donor organization might also be interested in performing an ex-post evaluation of project impact.

Does impact include the political processes which were set in motion by the advisory services, but which, strictly speaking, lie outside the advisory sphere?

- Yes (although I would prefer to say "*project* services"). The stakeholders then might or might not find them important to assess.

What if some major impacts are to be observed in relation to other donors? For instance, in disagreements with them over which policy is best for the partner country to pursue, where the project was able to influence the path taken.

- Again, this is project impact, and if the stakeholders believe it is important to assess, then it should be assessed.

Do you need to restrict your assessment to the impact which only that particular constellation of advisors/project staff could achieve? For instance, what if the project performs some work which, in its absence, would have been performed by some other donor's project?

- A) No, project impact is not only that impact which only could be achieved by the particular individuals involved, and must not "deduct" the impact which would have been achieved by someone else in absence of the project.
  B) It is still project impact.

What if the partner has a monitoring system, but it doesn't meet the needs of the GTZ?

- If the monitoring system does not yet address impact or does not at all look at poverty effects, then the project should work on incorporating these viewpoints into it. But requiring a partner organization to perform its monitoring so as to meet the needs of the GTZ raises ethical questions.

What do you do with the different, subjective perspectives on impact held by the different actors?

- Be grateful for them, learn from them, discuss them with the different stakeholders, use them to help steer the project.

Recommendations for the GTZ head office

The GTZ head office currently and commendably is investing resources into developing effective guiding principles and methods for assessing the impact of its projects. This paper has some relevant lessons and messages for the GTZ head office.

First, certain tools used by the GTZ, such as PPMs and project reviews, are inadequate for capturing essential aspects of impact because they tend to emphasize carrying out activities instead of what the effects of the activities are. Also, standard GTZ reports are not useful for recording issues related to impact. This paper is not the first source to bring up these points, and efforts are already underway to reflect impact concerns in the reviews and to adapt the standard tools so they are more supportive of the orientation towards impact. The recommendation is to continue this work.

Second, both the impact and poverty focus should be more integrated into normal, everyday project work. As one way to accomplish this, I echo Ms. Thurau's recommendations that impact not be treated as a separate issue, but that, for instance, every training course offered to project personnel include a module on impact, and that a toolkit with inexpensive, simple, and quick impact monitoring instruments be assembled for projects.

But the most important message is that the impact assessment which is performed by the projects will be very different from the impact assessment which fills the needs of the head office. As Morgan (1999: 5) states:

> Donors are not and can never be responsible and accountable for delivering results [of capacity development projects] as in the case of machinery installation or a turn-key project. Only country participants can or are in a position to accept responsibility for capacity as performance. Donors, of course, do have other accountabilities and these are real. They must accept the evolving design of a capacity development program. They must organize themselves to bring their accumulated knowledge to the incremental design and implementation of the program. They must assess risks and gauge their own participation accordingly. They are responsible for the quality and financial control of their own contribution. And they must ensure that basic standards of management, especially financial management, proper monitoring and evaluation, are in place. But the final ownership and accountability for results lies with the country partners.

The recommendation is that the GTZ head office not try to further its own agenda for impact monitoring – which is legitimate and worthwhile – through *project* impact monitoring. The sort of impact assessment which will meet all the realistic needs of the GTZ as an organization can and should be performed by head office staff or external evaluation professionals, not by the staff of individual projects. (And in fact, efforts to do just this are

being made, such as through the "Central Evaluation Program" – ZEP – which is being implemented by the GTZ Staff Unit for Internal Evaluation.) Instead, give the projects the encouragement, room and support to design individually the impact assessments and impact monitoring systems which meet the needs of the project and the counterparts. Then see what kind of information they can send back to the head office and how it can be used there.

In other words, the GTZ could gain a lot by pursuing impact monitoring from two different "ends": from the main office and from the individual projects. It is advisable to do just this, at least in the medium term, so that experience with impact monitoring can be gained and evaluated.

Box 5: "Do's and Don'ts" for Impact Monitoring with a Poverty Focus in Policy Advisory Projects

Do orient the project work towards impact at all stages of the project cycle.

Do include the view on poverty.

Don't have unrealistic expectations of the impact monitoring you will perform in your project. In most cases, you will not be able to *prove* your project had significant impact. Don't expect social science research or scientifically rigorous, "objective" results. Don't even expect the "Truth" (although you should always aim for honesty).

Do abandon the logframe or PPM "mindset". Impact monitoring provides the opportunity to perform a reality check of the project concept and plan. This cannot be done if you refer to the same picture of the project as that provided by the logframe.

Don't automatically generate impact indicators for all "Results" on the PPM. This would lead to a rigid, mechanistic view of impact and would undermine the main advantage of the orientation towards impact – that it provides a "living" picture of the effects of the project and grounds the project work in reality.

Do develop instruments for observing impact and ways to institutionalize impact monitoring *together* with the stakeholders.

Don't base the impact monitoring system or instruments on assumptions that you will produce cost/benefit analysis or some sort of rating on an objective "impact scale" – only very few projects are of a type that the impact assessment will lead automatically to these kinds of comparison.

Do embrace an attitude of learning.

Don't forget: in monitoring the impact of policy advisory projects, the process is at least as important as the findings.

Do rest assured that, as long as you invest honest effort into it, the impact monitoring your project performs will add to the body of knowledge on development projects and on impact assessment.

Do be bold, be creative. Just do it!

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