



**Managing for Impact in Rural Development**

# **A Guide for Project M&E**





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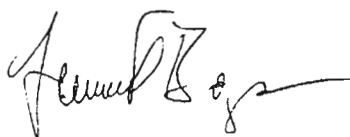
# Foreword

The International Fund for Agricultural Development (IFAD) and its partners in developing countries share the challenging mission of enabling the rural poor to overcome their poverty. A partnership which takes shape primarily through hundreds of rural development projects and programmes at grass-roots level, often in the poorest and most remote regions of the world.

Although the performance of these projects has improved in many aspects over the years, external evaluations continue to report weaknesses in their monitoring and evaluation (M&E) systems, in particular in the way impact M&E is carried out and used at project management and policy level. The need for support is also evident from the numerous requests that IFAD receives each year from its partners for assistance in M&E system design and operation.

In line with the IFAD Action Plan 2000-2002, which seeks to "improve impact assessment", this new practical guide was developed through a yearlong consultative process with its potential users: project M&E officers, managers, designers and supervisors. Its purpose is to facilitate the development and use of effective and participatory M&E systems as tools for impact-oriented management, shared learning processes and accountability.

As such, it is an integral part of our global effort to improve the performance and monitor the results of our common initiatives to strengthen the capacity of the rural poor and their organisations, improve equitable access to productive resources and increase access to financial services and markets.



Lennart Båge

President  
International Fund for Agricultural Development



# Preface

After a long consultation process and much work by a variety of M&E specialists from all regions of IFAD operations, I am pleased to present the IFAD Practical Guide for Monitoring and Evaluation of Rural Development Projects.

The process began in 2000 when the Fund's Office of Evaluation and Studies conducted a stocktaking exercise, which covered a decade of IFAD experience with M&E at project level. After which, a comparative review was undertaken of the strategies and approaches to M&E systems at project level of several major development agencies. While the stocktaking exercise observed a general weakness in most M&E systems, the comparative review concluded that there is substantial material on M&E concepts and theories, although there remains a lack of practical resource kits on the methodologies and processes at operational level.

As such, the overriding goal of the guide is to improve the impact of IFAD-funded projects, through the introduction of effective M&E systems. It focuses on a learning approach to management that uses achievements and problems to improve decision-making and accountability. This requires creating an M&E system that helps primary stakeholders, implementing partners and project staff to learn together in order to improve their development interventions on a continual basis. As the ultimate objective is to ensure the maximum possible benefit for the rural poor, they are the ones best placed to assess project impact and must therefore be considered full partners in any future M&E. The guide also suggests ideas for implementing this and other forms of participatory M&E.

The primary target audience is composed of staff from project management units, in particular project directors and M&E officers, together with their implementation partners, such as, public services, NGOs and CBOs. The guide is also aimed at technical consultants and supervisors from co-operating institutions. Because the effectiveness of M&E systems also depends on the decisions taken during project design, specific sections of the guide provide advice to project designers, including IFAD staff and their consultants.

This guide presents a number of original features that I believe could contribute to its success and usefulness:

- It has been developed together with its potential users through a consultative process lasting over a year. It addresses their practical problems, starting from their current M&E practices, however rudimentary, and whenever possible uses examples of good practices from IFAD-funded and other rural development projects.
- The guide is geared to the specific context, procedures and partnerships of IFAD supported operations. It emphasises participatory processes throughout, and proposes options that can be adapted to the requirements of project managements in different regional and national contexts.
- The guide is organised in eight stand-alone modules that are tailored to the needs of different categories of users with specific yet differing monitoring responsibilities and tasks.
- The guide is also available to the public in a user-friendly, electronic format on the IFAD web page ([www.ifad.org/evaluation](http://www.ifad.org/evaluation)).



Furthermore, the guide is not a stand-alone initiative. In fact, it forms part of broader spectrum of activities which include, more specifically, improvement of the logical framework approaches in project design and supervision, training, translation of the guide into local languages and the development of regional M&E support networks which take stock of IFAD's experience with the PREVAL (Programme for Strengthening the M&E Capacity of IFAD-funded Projects in Latin America and the Caribbean). This regional customisation should further adapt the contents of the guide to the needs of its users and their feedback will be incorporated in future versions.

I trust that the guide will be a valuable tool and contribution to the enhancement of impact assessment and achievement in IFAD-supported projects.



Luciano Lavizzari

Director  
Office of Evaluation and Studies

# Navigating the Guide

## Manager

*Are you responsible for managing the project or a project component?*

Phase in Project Cycle	Tasks You Face	Section Number
Start-up	Revising the project design (logical framework)	Section 3, Annex B
	Obtaining an overview of M&E responsibilities	Section 2
	Supervising development of the M&E system	Section 5, Annex C
	Using the logical framework as a basis for developing the annual work plan and budget	Section 3
Implementation	Ensuring M&E staff have sufficient resources, capacities and structures to develop and implement the M&E system	Section 7, Annex E
	Requesting and using M&E information to guide project implementation and make decisions	Sections 2 and 8
	Supervising the contributions and performance of staff, partners and consultants	Section 4, Annex E
	Engaging team members, primary stakeholders and partners in joint analysis, learning and decision making	Section 8

## M&E staff (project or partners)

*Are you responsible for ensuring that M&E in the project as a whole or in a project component is being set up and implemented well?*

Phase in Project Cycle	Tasks You Face	Section Number
Start-up	Developing clarity about the role of M&E in project management	Section 2
	Ensuring that during revision of project design, the M&E system and procedures are detailed enough for implementation	Sections 3 and 4
	Guiding project implementers in agreeing what to monitor and evaluate	Section 5, Annex C
	Guiding project implementers in deciding how to collect and communicate information	Section 6, Annex D
Implementation	Checking that proposed resources, capacities, support and structures are sufficient for M&E to be effective	Section 7, Annex E
	Supporting partners and consultants in fulfilling their M&E responsibilities	Section 4
	Encouraging reflective use of information by implementers	Section 8
	Engaging key stakeholders in joint analysis of information	Section 8
	Reporting findings from M&E	Section 6



**Consultants**

*Are you responsible for providing external technical assistance in the areas of project design, M&E and information management for the project or a project component?*

Phase in Project Cycle	Tasks You Face	Section Number
Design	Ensuring that the proposed project design is based on good design practice	Section 3, Annex B
	Ensuring that the M&E component has been designed comprehensively enough and with sufficient resources, capacities and flexibility	Sections 4 and 7
	Ensuring that the M&E system is designed to support "managing for impact"	Sections 2 and 4
Start-up	Supporting M&E staff in developing appropriate monitoring mechanisms	Sections 5 and 6
	Ensuring that enough and appropriate resources, capacities and support structures exist for carrying out M&E responsibilities	Section 7
	Building critical reflection into M&E processes	Section 8
	Reviewing and updating the M&E system	Sections 4, 5, 6, 7 and 8
Implementation		

**IFAD and Cooperating Institution staff**

*Are you responsible for providing guidance, supervision and support to the project?*

Phase in Project Cycle	Tasks You Face	Section Number
Design	Checking that the proposed project design meets "good practice" standards	Section 3, Annex B
	Stipulating relevant elements of learning-oriented M&E in job descriptions and terms of reference	Annex E
	Ensuring that the proposed project design includes sufficient resources, capacities and enabling support structures for M&E	Section 7
Start-up	Ensuring that the project design is being revised appropriately with sufficient detail to M&E	Section 3
	Encouraging impact-focused monitoring	Section 5
Implementation	Ensuring that key aspects of the M&E system are in place	Section 4
	Recognising if a project is taking a learning approach in its implementation	Section 8
	Checking reports and suggesting reporting formats	Sections 3 and 6

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# Acronyms

APR	annual project review
AWPB	annual work plan and budget
BPL	below poverty line
CBA	cost-benefit analysis
CBO	community-based organisation
CCU	central coordination unit
CI	cooperating institution
COSOP	Country Strategic Opportunities Paper
CPM	country portfolio manager
CV	curriculum vitae (résumé)
DC	district council
DPF	district project facilitator
DT	district team
FUG	forestry user group
GIS	geographic information system
GPS	global positioning system
HYVs	high-yielding varieties
ICGs	income-generating activities
IFAD	International Fund for Agricultural Development
LFA	logical framework approach
MIS	management information system
MOVs	means of verification
MTE	mid-term evaluation
MTR	mid-term review
M&E	monitoring and evaluation
MU	monitoring unit
NTCU	national technical coordination unit
NGO	non-governmental organisation
PCU	programme coordination unit
PD	project director
PIM	participatory impact monitoring
PM&E	participatory monitoring and evaluation
PMU	project management unit
PNGO	participating NGO (i.e. implementing partner)
PRA	participatory rural appraisal
SHG	self-help group
SOF	Special Operations Fund
SWOT	strengths, weaknesses, opportunities and threats
TA	technical assistance
TOC	table of contents

TOR	terms of reference
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services
WB	World Bank
WUA	water users' association

### Projects mentioned by name in the Guide

ADIP	Agricultural Diversification and Intensification Project	Bangladesh
APPTDP	Andhra Pradesh Participatory Tribal Development Project	India
	Cuchumatanes Highlands Rural Development Project	Guatemala
	District Development Project	Zambia
	District Development Support Programme	Uganda
FODESA	Sahelian Areas Development Fund Programme	Mali
KAEMP	Agricultural and Environmental Management Project	Tanzania
	Karnataka Rural Water Supply and Sanitation Project	India
LACOSREP	Upper East Region Land Conservation and Smallholder Rehabilitation Project	Ghana
MARENASS	Management of Natural Resources in the Southern Highlands Project	Peru
	Maharashtra Rural Credit Project	India
NWFP	North-West Frontier Province Barani Area Development Project	Pakistan
	Northwest Agricultural Services Project	Armenia
WUPAP	Nepal Western Uplands Poverty Alleviation Development Project	Nepal
P4K	Income Generating Project for Marginal Farmers and Landless	Indonesia
PADEMER	Rural Micro-Enterprises Development Programme	Colombia
PDR-San	Income Diversification Programme in the Mali Sud Area	Mali
PIDP	Participatory Irrigation Development Project	Tanzania
PROCHALATE	Rehabilitation and Development Project of Areas Affected by Conflict in the Department of Chalatenango	El Salvador
PRODECOP	Economic Development of Poor Rural Communities Project	Venezuela
PROSALAF	Support Project for Small Producers in the Semi-arid Zones of Falcon and Lara States	Venezuela
RADP	Raymah Area Development Project	Yemen
RDRS	Rangpur Dinajpur Rural Service	Bangladesh
RTIP	Root and Tuber Improvement Programme	Ghana
SAIP	Smallholder Agricultural Improvement Project	Bangladesh
SARAGURO	Yacuambi Rural Development Project	Ecuador
SDPMA	Smallholder Development Project for Marginal Areas	Tanzania
SFPD	Smallholder Flood Plains Development Project	Malawi
SISP	Smallholder Irrigation Support Programme	Zimbabwe
TEPP	Tihama Environmental Protection Project	Yemen
TROPISEC	Project for the Capitalization of Small Farmers in the Tropisec Area of the Segovias - Region 1	Nicaragua
TNWD	Tamil Nadu Women's Development Project	India

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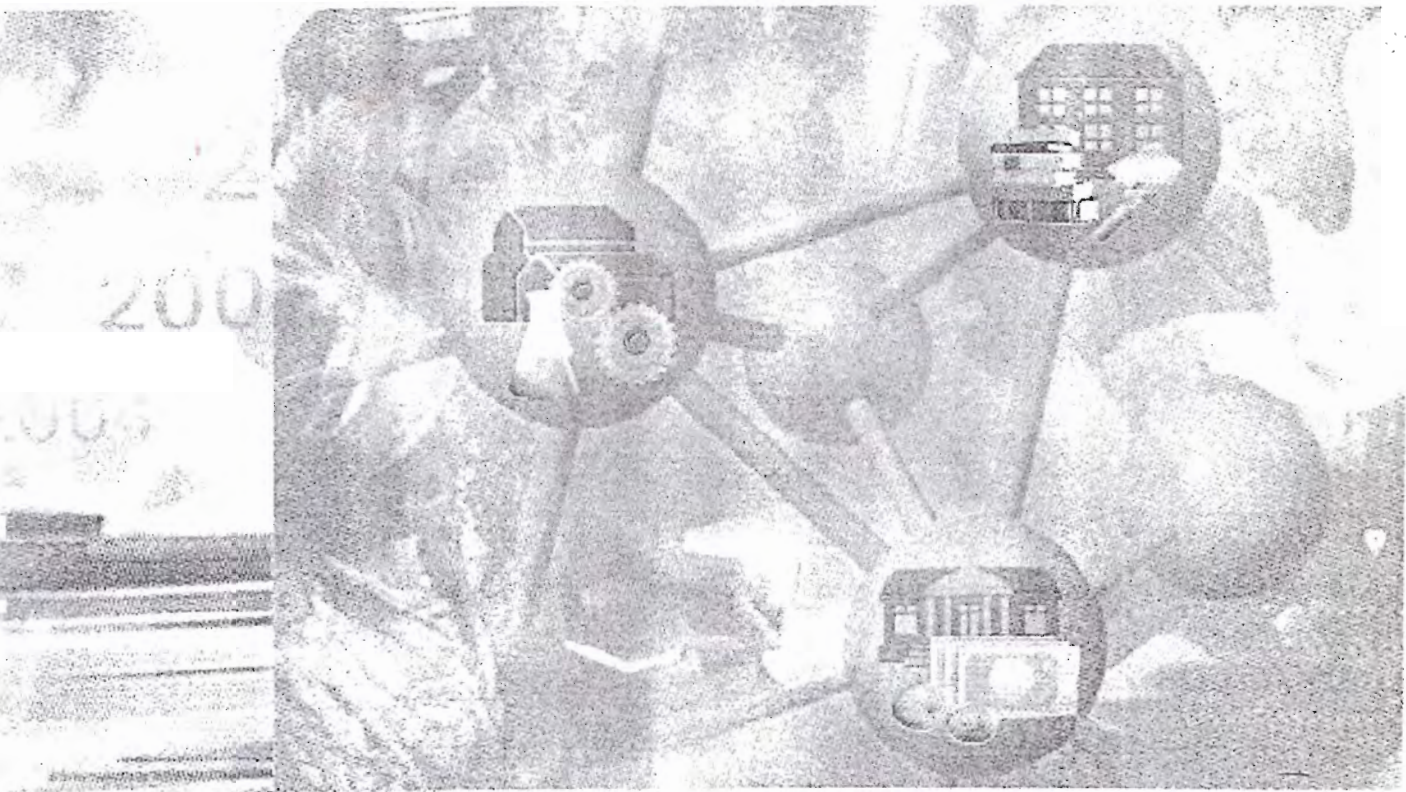
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Martina Vahlhaus, Thomas Kuby

# **Guidelines for Impact Monitoring in Economic and Employment Promotion Projects with Special Reference to Poverty Reduction Impacts**

Part I: Why Do Impact Monitoring? - A Guide





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## PREFACE

Today in development co-operation demands on the quality of projects are increasing while at the same time means are becoming scarce. Thus, organisations have to arrange their work particularly efficient and sustainable. The pressure to provide "empirical proof" of results and impacts is increasing as well and the reference to achievements as activities and results is not sufficient, the focus lies on the actual impacts of these achievements. Unfortunately, regular monitoring of impacts still is exceptional in today's development co-operation.

One aim in publishing this paper is to help closing this gap between demands and reality. Already now, it can be stated that these guidelines are an important completion to the range of instruments of the project-internal monitoring and evaluation system of the GTZ.

The working group of the sector project "Poverty Reduction through Economic and Employment Promotion (EEP)" developed these guidelines in a participatory process and succeeded in maintaining this procedure up to the application of impact monitoring. Those involved understand impact monitoring as an activity

- that meets the interests and needs of the stakeholders
- whose know-how and experience is taken into account and
- that in the long-term makes it possible to carry out impact monitoring without the support of the project.

"Best practices" from projects and various publications, in particular qualitative methods of impact observation, analysis and evaluation, are hereby made available to AP/advisors in the projects, partner experts and planners in the field of EEP who have decided to implement impact monitoring in their respective projects or those who have implemented it already.

These guidelines provide them with a comprehensive and systematic description how to develop a participatory impact monitoring system. Also clear definitions of monitoring, impacts and impact monitoring are included. Finally, six methodical steps for structuring and implementing impact monitoring are outlined. In Part II these steps are described in detail quoting examples from the day-to-day work of projects in the field of EEP and at the very end a broad range of methods and instruments is presented.

This paper was written for projects in the field of EEP with special reference to poverty reduction in particular, nevertheless, the concept it is based on allows for a broader field of application.

Günter Schröter

## 1. INTRODUCTION

A precise understanding of results and impacts throughout the course of a project contributes towards improving controlling and thus to the success of the project. At the same time it provides reliable accountability to the commissioners of the project and the general public. The guidelines at hand provide practical help for implementing and enforcing poverty reduction impact observations as well as for analysing in Economic and Employment Promotion projects. It provides answers to the requirements of one department, but is at the same time a part of the GTZ's reorientation in terms of management policy.

The topic "Impact Observation" has become impressively popular at the GTZ over the past two years. On the leadership level, strategic decisions have been taken to create the necessary room to develop the initiatives for observing impacts.

The sector project in the Department of Economic and Employment Promotion has initiated and operationalised these guidelines for poverty-related impact monitoring which are valid for the whole of the GTZ.

### 1.1 Poverty Reduction through Economic and Employment Promotion

It is our understanding that economic and employment promotion encompasses the promotion of the smallest, small and medium-sized enterprises (SMEs), the development of a financial system, vocational training, as well as job market policies, for example, job placement.

By strengthening the competitiveness of the SMEs with growth potential by means of financial and non-financial services, as well as vocational training measures, medium- and long-term growth impulses are initiated in the political economics that initiate both positive income and employment effects and also increase the room for redistribution in favour of the poor.

The income and employment impacts achieved in this manner do not, however, in most cases automatically reach the poor in the short- and medium-term. Targeted strategies, approaches and measures are necessary so that the poor gain qualifications and develop their ability to articulate and organise themselves. They are then in a better position to find employment or to be-

come self-employed in order to be able to co-operate in economic life and also to stand up for their own interests as equal partners and in some cases to use the possibilities that still have to be created. Systematic approaches are required with intervention on the micro, meso and macro level. Within the framework of these approaches, reasonable basic conditions are created, a connection between a peoples' economy and the modern sector is made easier and strategic alliances of different actors from the state, private economy and civil society, on the communal or regional level, are initiated. The goal is to secure and create employment and income for the poor. The strategies to be followed in co-operation with the poor and instruments and measures to be employed must, on the grounds of the differing initial prerequisites of poor target groups, be adapted to their requirements and adequately differentiated.

Against this background, the aim of the sector project is to achieve positive income and employment effects in poor population groups through measures to alleviate poverty. Naturally, poverty does not only express itself in terms of poverty of income due to lack of employment or under-employment, but

also in the lack of access to infrastructure, educational opportunities, health, in malnutrition, high infant mortality rates, inadequate living conditions, etc., as well as particularly in the lack of a share and participation in the political, social and economic life of the country.

Measures implemented as part of economic and employment promotion can and should not cover all areas. In some cases measures in other areas, for example, basic education and health are prerequisites for a successful promotion in the field of economic and employment promotion.

The indicators against which successful poverty alleviating economic and employment promotion can be measured are certainly the stabilisation and increase in employment and income of poor target groups and improved working conditions. Prospering undertakings can provide indications of possible improvements in the economic and employment situation of the poor, but are not sufficient as the only indicators. The poor often cite, for example, better nourishment and living conditions as well as children attending school as a result of improved income as indicators for their improved situation.



Against the background of a mostly limited share and participation of the poor in the decision-making processes, greater significance is attached to the goal of increasing occupational and enterprising competence, as well as building up the frequent lack of self-confidence in dealings with the government and non-government institutions, i.e., the poor's capacity to articulate and organise themselves.

In order to be able to assess which impacts are actually attained by implementing various measures, they have to be observed and analysed continuously throughout the course of the project.

We can differentiate between projects to directly alleviate poverty, which reach the poor target groups via short impact chains, and projects aimed at overall

poverty reduction, which reach the poor target groups via longer impact chains. In accordance with the Guidelines for Assessing Poverty Reduction of Co-operation Projects of 24 November 1997, the following criteria must be met to varying degrees:

- The poor are a part of the target group.
- The project improves the living conditions of the poor and promotes their productive potentials.
- The poor participate in the project.
- The project is embedded in a poverty alleviating environment.

Beyond that, there are projects which are oriented to common development policy, in which, however, these criteria of poverty reduction are not fulfilled.

## Identifying Poverty Reduction Projects

Criteria	<u>Immediate Poverty Reduction</u> Projects with target groups which are delimitable and can be reached directly (via short impact chain)		<u>Overall Poverty Reduction</u> Projects with target groups which are not delimitable and cannot be directly reached (via longer impact chain)	
	SHA Self-help oriented poverty reduction	SUA Other immediate poverty reduction, esp. basic social services	MSA Overall poverty reduction on a macro and sector level	EPA General development policy
1. Are the poor part of the target groups?	The proportion of poor in the target groups equals – least 50% – at least the same share as that of the poor in the population in the corresponding region (lower limit 30%)		Poor in the region or in the country benefit from the indirect impacts of the project to an appreciable extent	Criteria are not or only partly fulfilled: Projects are worthy of promotion based on general development considerations.
2. Does the project improve the living conditions of the poor and promote their productive potentials?	X	X	X	
3. Are the poor involved?	Personally responsible and organising themselves	Involvement in and identification with the project	Important mechanisms towards participation of the poor in political and social process are basically available	
4. Is the project embedded in a poverty-oriented project?	Local basic conditions in the project area are favourable		Plausible impact chain between project and improvement of living conditions of the poor	

Source: BMZ, Dept. 411, 24 November 1997

Depending on their targets and basic impact chains, projects will thus contribute to poverty alleviation to varying degrees. Poverty will be seen to be reduced to correspondingly different degrees.

Nevertheless, we believe that it is important that projects that make no explicit reference to poverty also observe the projects' impacts on the poor. Less-qualified poor population groups or greater pressure on working conditions, for example, can emerge due to the promotion of SMEs. These could be unintended impacts. When impacts have actually been observed and analysed, the next step is to decide whether measures should be taken up in the project itself or in the project environment which can cushion the impact or compensate the observed effects. Those responsible for the project require adequate instruments and methods to do this.

The procedures, instruments and methods described in these Guidelines indicate both general steps for implementing and enforcing impact monitoring, as well as more specific suggestions for monitoring poverty alleviating impacts in Economic and Employment Promotion projects.

## **1.2 Goal of the Guidelines**

Our<sup>1</sup> aim in publishing these Guidelines was to animate you, together with those responsible for the project, to continuously observe the project impacts in order to learn more about project implementation. We would like to provide you with ideas, methods and instruments with which to carry out impact monitoring with the available human and financial resources in a sustainable way.

Our special concern is the monitoring of poverty alleviating impacts. In order to do justice to the different type of economic and employment promotion projects, we have selected a procedure which is flexible enough to allow it to be integrated into the different projects. These projects can work with differing goals, strategies and clusters of measures and, depending on the intervention level, pass along impact chains of varying lengths until the goal of poverty reduction is achieved.

Impact monitoring should support those involved in the project in observing intended and unintended, especially pov-

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<sup>1</sup> The Sector Project "Poverty Reduction through Economic and Employment Promotion" and the Staff Section 04

erty-related impacts, to analyse and represent, as well as to (re)orient project planning and implementation around the effects of project intervention and thus to improve the quality of project services.

In the first part, we address AP/advisors in Economic and Employment Promotion projects, partner experts and planners who have not implemented impact monitoring as yet, as they, for example, believe that the time or cost would be too high or the impacts of their project are such that they can neither be observed nor measured.

Point 2 shows why impact monitoring is important, how it can help you and on which concepts the result- and impact-oriented monitoring and evaluation system are based in the GTZ today.

Point 3 describes what our definition of monitoring, impacts and impact monitoring and, especially, how poverty alleviating impacts can be incorporated.<sup>2</sup>

Point 4 briefly describes six methodical steps for structuring and implementing

impact monitoring. The steps are described in detail in Part II in relation to the different areas of employment.

In order to understand Part II you do not necessarily have to have read Part I.

Part II, which is considerably longer, addresses AP/advisors in Economic and Employment Promotion projects, partner experts, planners and experts who have decided to introduce impact monitoring in their respective projects or have implemented it already. We want to provide you with concrete tools.

For this purpose point 1 describes in detail six steps for implementing and enforcing impact monitoring, quoting examples from the day-to-day work of projects in the field of economic and employment promotion. Based on short descriptions, point 2 introduces examples from day-to-day project management practice, the procedures of which we have attributed to individual steps in order to indicate the different possibilities of applying the six steps in practice. Point 2 presents different methods and instruments which you can apply.

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<sup>2</sup> We are here strictly following the GTZ publication of the Staff Section 04 "Monitoring im Projekt", as well as Department 45 and a Swiss Development Organisation "Guidelines for Impact Monitoring – Sustainable Land Management".



## 2. WHY DO WE NEED IMPACT MONITORING AND WHAT FOR?

### 2.1 What is the Purpose of Impact Monitoring?

Impact monitoring enables you and others involved in the project to observe, as well as to learn about the positive and negative changes in participating institutions, target groups and in the project environment.

For example, you can experience

- which desired or undesired changes set in where;
- how these changes come about;
- why some desired changes do not set in.

Observing changes and "learning" from experience gained enables you, together with those involved, to find answers to questions such as: Can we proceed further in the present form? What can and should we do differently in order to achieve the desired changes?

Impact monitoring consequently creates the basis on which to adapt project planning and implementation in the course of the project in such a way that they can be oriented towards the in-

tended, especially poverty alleviating impacts, and hence improve the quality of project services.

Furthermore, impact monitoring supports the project participants in their accountability to your commissioners and financiers (BMZ / national governments / international organisations), by providing you with the necessary information to describe what the stakeholders achieved by means of the project work and how they have achieved it.

### 2.2 Impact Monitoring as Part of the GTZ's Quality Management

The GTZ already has many institutions, instruments and procedures for guaranteeing the quality of its work with respect to content and administration. The assessment of current and completed technical co-operation (TC) projects of the past years has shown that, in view of the objective difficulties of development co-operation, the work carried out on location, is of an increasingly satisfying standard.<sup>3</sup>

In view of the challenge to secure the quality of its world-wide development

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<sup>3</sup> Cf. "Erreicht die Technische Zusammenarbeit die gesetzten Ziele", GTZ 1998.

work, under conditions of decentralisation and flexibility, too, the GTZ must follow a new course and adapt its range of instruments.

Up to now quality assurance was above all based on "quality at entry". First of all, the prerequisites for a project were thoroughly explained. Then, all the steps were planned logically and in a target-oriented manner. This method of procedure seemed to guarantee quality and success. However, project practice over many years has shown us that this does not always hold true – at any rate not when we define "success" as positive results of development.

Through planning, coupled with monitoring orientated to a target-performance comparison, "project implementation according to plan" becomes possible. Nevertheless, this is not necessarily identical with actual development success. There is evidence to suggest that the extent to which we invest in the exact preplanning of individual projects does not adequately correlate with the advancement of economic and social development processes in partner countries. More planning does not automatically lead to more success. If, today, in times of very dynamic development co-operation, there is any con-

nection between detailed planning and development success at all, it seems to be moving rather in the opposite direction. Project practice shows us time and again that planning, by establishing more and more details, does not become more realistic, as has been assumed for so long, but rather the opposite is true: it becomes more "unrealistic". Guided by plans, with often ambitious overall goals and targets, as well as an imposing list of activities, our possibilities in everyday project implementation of grasping unexpected opportunities with both hands and elegantly circumnavigating unexpected obstacles rapidly diminish.

In order to escape this "logic of failure", we must change decisive aspects of our methods – established routines with which we approach, implement and observe a project. The central point is that we want to turn our backs on planning and move towards results and impacts. We must reduce the amount of effort put into planning to a necessary minimum and decisively invest the remaining energy in the systematic observation and analysis of results and impacts. This information gives us clues, if need be, to the required changes on the different levels of project work.

The GTZ has already made good headway in reorganising itself into a modern service provider. The working group has already taken up the subject of "Impact Monitoring" under its own initiative with great enthusiasm. At the same time, the GTZ's highest management level has made basic decisions mandatory for this change in vision.

### **2.3 A New Quality Management**

Milestones for implementing quality assurance at the GTZ have been the introduction of ZOPP in 1983, the project "Planning and Sustainability" in 1992, the creation of a "Quality Assurance of Offers" in 1993, the new version of the "Decision-Making Patterns for Preparing and Implementing Projects" in 1996, the optimisation of internal service providers in 1996, the analysis of the GTZ's key tasks and the establishment of inter-departmental "Quality Advisory Services" team in 1997. If one looks at the entire process, one can detect a move in terms of quality criteria away from "doing" towards "advising". Methods of procedure which, although they describe the project conception in detail, but do not adequately assess the project success, are increasingly being criticised.

Against this background, the management of the GTZ made a far-reaching decision in November 1997 on quality management, by formulating the following three guiding principles:

- a) "For the GTZ, quality means matching its services with the aspirations of the client."
- b) "The most conspicuous basis for the general high quality of GTZ services is a business culture directed entirely towards quality."
- c) "At the end of the day the GTZ can only satisfy its clients by means of the usefulness of its service results."

Up until now, quality had an absolute and normative character at the GTZ. It was to be measured, amongst others, by means of the degree of poverty reduction, the promotion of women, the protection of environment. New challenges were continuously being added to these, putting staff in projects and at Headquarters under increasing pressure, but little changed the course and result of the work.

The above-mentioned new orientation towards quality opens up new vistas. Based on the recognition of the fact that in our development co-operation we can

only achieve what our “clients” want, the GTZ now sees that matching its services with the wishes of the client is not the only, but the most significant criteria for quality.

The criteria of quality are no longer absolute, but relative!

But who is the client? Clients of the GTZ are the commissioners, the counterparts and the target groups, hence a broad spectrum of actors, who normally have at least partially differing interests.

Consequently, one cannot speak of the aspirations of clients, but rather of partly diverging interests of the individual actors participating in a project.

One of the most important tasks of the GTZ is to define the commission. Based on requests for support, the different targets and aspirations are worked out and, if possible, consolidated as part of an advisory process with the different stakeholders and interest groups.

This work includes an advisory service. Should the GTZ estimate the target or the suggested action areas as inadequate or in contradiction to the professional ethics of its development work, it will try, during the advisory process, for

all actors to reach a common denominator, i.e., the GTZ itself too. Should this not work, it can, if need be, withdraw from the commission.

How does the GTZ recognise whether its different clients are satisfied with the services or not?

As already stated, good prospects and precisely formulated plans are not sufficient. For our clients – commissioners, counterparts and target groups – it is above all the results of the work that count and also what has actually been accomplished under the real-life development conditions. If we take the satisfaction of our clients as a standard for quality and know at the same time that this satisfaction is based on useful results and impacts, then that means that we must

- create prerequisites for good services, but also
- assess time and again how successful our activities actually are.

### **2.3.1 Creating prerequisites for good services**

The GTZ has already taken important steps to improve the prerequisites for good services. The Reform of Human Resources Management was guided by



the recognition that GTZ staff are by far the most important support for providing good quality services. The adjustments made to selection procedures have been influenced by the experience that it is a matter of employing the "right people" from the beginning and not of over-estimating the corrections which are possible by means of further training. Without suitable human resources, good services are not possible, but that is not even the whole picture.

Another important pillar of good services are suitable organisational and implementing structures. The best staff cannot work to their fullest potential if the wings of their ability and motivation are clipped through out-dated organisation and procedures. The GTZ has clearly improved the prerequisites for maintaining high-quality standards through decentralisation and flexibility, as well as through the accompanying new rules.

A further condition for high quality still remains, namely systematic assessment of the actual success of our efforts. A new approach to evaluation based on learning was required for that.

## 2.4 A New Approach to Evaluation

How and from what do we learn? Numerous analyses of individual and institutional learning have been carried out and many books written on the subject, all of which have considerably extended our understanding of the learning process. A more detailed analysis of this topic would go beyond the scope of this report. However, it is generally recognised that one must look at one's own results and impacts in order to be able to act correctly and appropriately. Engineers differentiate in this connection between the terms "controlling" and "regulation". If all the details of a production process are determined and cannot be disturbed by external influences, then it can be "controlled" successfully by means of a fixed programme. However, when production is subject to fluctuating conditions, certain targets are attained only through "regulation". Controlling is always based on the same execution of the predetermined orders, during which regulation orients itself to its results and flexibly corrects the observed decisions. The symbol for control is a straight arrow; the symbol for regulation a bow, also known as "feedback". Learning is based on such feedback bows: the observation and assessment of results and impacts

of one's own activities are its most important source.

In order to strengthen the learning method of monitoring and evaluation (M&E), we must find new ways in these areas too. The methods of target-performance comparison which form the core of our M&E process are inadequate for acquiring the required "feedback" for successful activities. We have repeatedly experienced in development co-operation the phenomenon that the results and impacts of a project always deviate from what was actually intended, or that what was achieved was not intended, i.e., that many results and impacts of our actions go far beyond what can be recorded by the target-oriented observation of the actual conditions.

The decisive question for assessing success is not, therefore, whether the planned results were achieved. Instead it asks which results were achieved. The question of whether the arising impacts correspond to the planned targets is less important than the answering of the question: which impacts have actually occurred?

### 2.4.1 A paradigmatic change

This leads to a paradigmatic change in planning and evaluation, which especially increases the chances of a demand-oriented project practice in the rather complex approaches of poverty-oriented economic and employment promotion.

The traditional method of procedure is characterised by linear thinking and division of labour. "In a systematically structured learning process (...) however, an iterative method of procedure dominates in which each solved problem throws up new questions and creates new problems (...) The project does not plan in detail and ex ante a complex development process, but reacts flexibly to an actually arising need – obviously against the background of the ex ante defined common targets. Flexibility and demand-orientation should not be mistaken for aimlessness and popularity"<sup>4</sup>. Learning from feedback leads to a different approach to plans, targets and deviations registered by them in the course of the project:

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<sup>4</sup> Meyer- Stamer, Qualmann, "Wirtschafts- und Beschäftigungsförderung in systemischer Perspektive: KMU-Förderung, Förderung des Subsistenz-Kleingewerbes und Beschäftigungsförderung – Ansatzpunkte und Komplementaritäten", 1999, page 25.

"Previously, a deviation from the plan, from the envisaged goal or the intended impacts, were experienced as something negative, leading to opposition and frustration amongst the stakeholders. But what happens when the project target and plan are consciously seen as variables which not only change during the course of the project, but should also develop?"<sup>5</sup>

As usual, we must obviously be accountable to the employers and the public as to whether and to what extent the project has obtained its target, if need be also why the originally planned targets could not be achieved and, accordingly, how the project concept has changed. For that reason and for our own quality management, we, therefore, also need information on the unintended results and impacts of a positive as well as of a negative kind.

The new, approach to evaluation which is geared towards impact paves the way for further possibilities. It not only goes above and beyond target-performance comparison, but can also go beyond the consideration of the individual case. It

has now been established that the individual project is very seldomly the decisive "unit of account". The success of a project is not always an immediate development success. Projects can be successfully completed without having promoted the social and economic development in their environment; they can even have had a negative influence on the development process. These impacts cannot then be put down to individual projects, but rather to project-independent impact monitoring, such as described under point 3.3.3 below.

## 2.5 The GTZ's New System of Evaluation

At present the GTZ is in the process of establishing a new system of evaluation according to the above-mentioned approach and in consultation with its commissioners.

This system of evaluation must correspond to the following two fundamental requirements in order to unfold the expected benefit, as well as to be accepted both internally and externally:

- It must fit into the assessment of success of German technical co-operation (TC) as newly classified by the BMZ, and

<sup>5</sup> Quotation, Mueller-Glodde, Rainer "Wie plant man, was sich nicht denken lässt", in Drehscheibe, GTZ, OE 4206, Edition no. 9, October 1997, Pages 3-6.

- It must correspond to the GTZ's basic requirements of decentralisation.

Correspondingly, the GTZ's new system of evaluation has been classified in a new way. As the external evaluation of the GTZ is increasingly targeted towards bigger assessment units which go beyond the bounds of individual projects, such as cross-section topics, sectors and instruments, the evaluation tasks which the GTZ has to take on have been extended. The catalogue of tasks assigned to the GTZ today not only includes regular course of the project and impact monitoring and special project supervision, such as Project Progress Review (PPR) and final assessment, but also the observation of offers and project preparation. The GTZ was also entrusted with a large proportion of individual project assessment (which has up to now been carried out by the BMZ), under the condition that it respect the BMZ's evaluation model and the principles of evaluation formulated by the DAC<sup>6</sup>.

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<sup>6</sup> Independence, credibility and utility are the decisive quality characteristics of each evaluating project. As per the requirement that independence must result after each step of the evaluation process, i.e., both during the planning of the entire evaluation programme, as well as in the formulation of the terms of reference and the selection of evaluation team. Evaluation tasks should be always be observed separately from operative management. Nevertheless, the institu-

In this manner, the GTZ's system of evaluation becomes part of the system of progress review of German TC which has been redesigned by the BMZ.

The second requirement relates to the consideration of the basic principles of decentralisation. Decentralisation is based on the trust in the competence and the readiness of the staff to take on responsibility for quality at their own place of work. This is the prerequisite for client-oriented services. Quality assurance should not, therefore, be delegated to the central supervision and assessment units. A consistently high level of quality can be realised only on the basis of an overall business culture geared towards quality.

One can deduce from this that monitoring and self-evaluation of the projects and programmes must form the basis of the GTZ's overall system of evaluation. Whether quality assurance places its trust in control or autonomy makes an immense difference. Experience has taught us that self-evaluation, as a rule, is more critical and cost-effective than

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tional separation should not be carried so far as to lose the connection between evaluation results and operative decisions. One possibility, for guaranteeing the required balance is to transfer the evaluation function to a special organisational unit placed directly under the highest management organ.

external controlling and that it contributes to learning both in the project as well as within the GTZ as an organisation.

Nevertheless, the GTZ's system of evaluation cannot only support itself by means of the two pillars of evaluation through external units and self-evaluation of projects and operative areas. Although approaches are integral parts of a modern system of evaluation, they do not fulfil all the requirements. External evaluation measures in the first instance serve accountability; the operative areas can learn only minimally from them. The opposite, however, applies, in that learning is at the forefront of self-evaluation measures, whilst intermediary steps are required for accountability, with which the individual piece of information has to be aggregated and condensed.

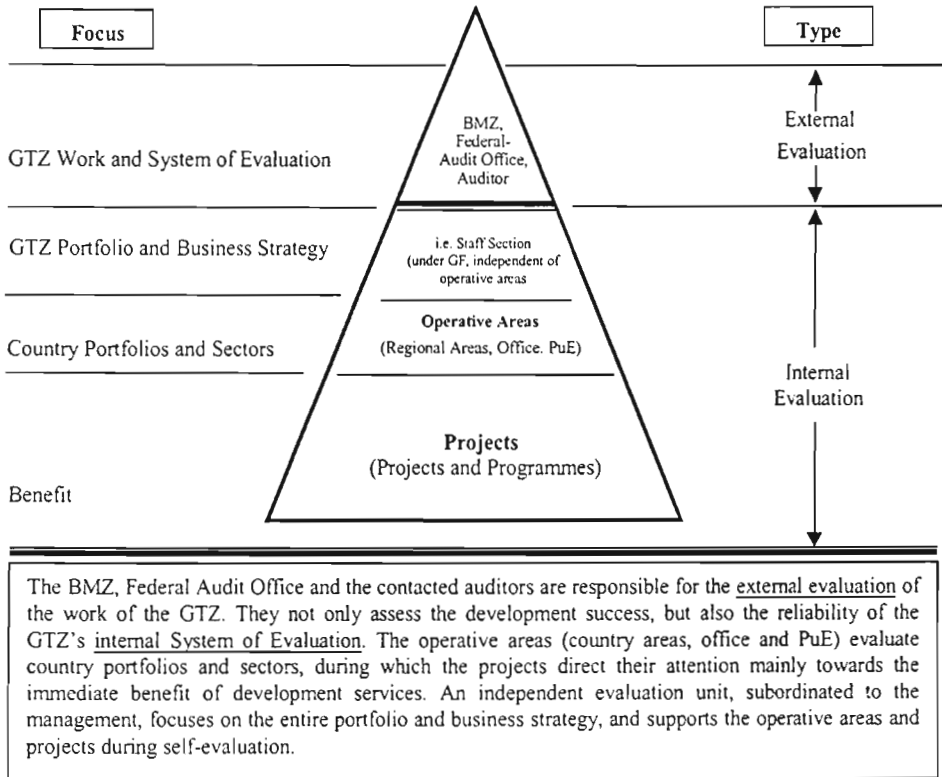
Therefore, a third element of internal evaluation is required, namely, an evaluation unit which is independent of the

operative management. The evaluation unit should support the self-evaluation measures of the operative units and carry out the aggregation of individual information, should do the necessary groundwork for the external evaluation and for the overall smooth functioning of the entire system. At the moment, these tasks are implemented by the Internal Evaluation Team in Staff Section 04. In autumn 1999, the GTZ will decide on how to reorganise its internal evaluation capacity.

The GTZ's system of evaluation which is at presently being established is, as shown below, based on a pyramid structure and creates a connection to the external evaluation by means of its own evaluation unit. Important parts of the system are already operational and are to be fully functional by mid-2000.



## The GTZ System of Evaluation



### 3. OUR DEFINITION OF IMPACT MONITORING

#### 3.1 Monitoring as an Instrument and a Process

In accordance with the general understanding within the GTZ, we define monitoring as an<sup>7</sup>

- instrument of programme management which helps those responsible

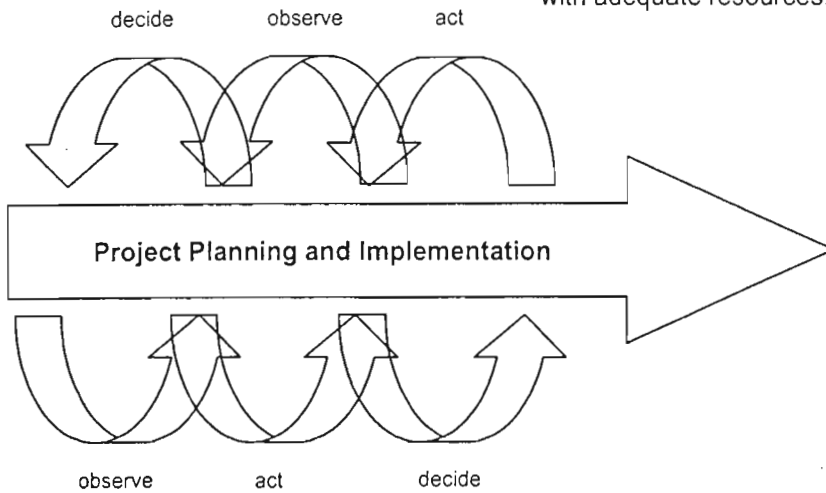
<sup>7</sup> Cf. "Monitoring im Projekt".

for the project, i.e., our "counterparts"<sup>8</sup> and their advisors to continually direct their work towards the desired project results and project targets, to document these and to present them and to improve the quality of the project performances;

<sup>8</sup> We define "counterpart" as those organisations or units in partner countries which we work directly with. They are the clients of the GTZ advisory services and the recipient of GTZ services.

- organised communication and understanding process between the different stakeholders concerning the following questions: What do we want? Where do we stand? Where are going? Which corrections need to be made?
- instrument of organisational development with which a learning and development process is initiated and carried out autonomously by the stakeholders in a project.

Monitoring is an integral part of "*Project Cycle Management*". Monitoring activities must also be planned and equipped with adequate resources.



<p>"Monitoring is concerned with consciously selecting questions which we follow systematically and in a target-oriented manner. The insights gained serve the stakeholders during decision-making processes, in controlling and shaping their project, thus leading to the best possible achievement of targets."</p>	<p>Monitoring is not only the acquisition of information and the handling (measuring, describing, evaluating, discussing and furthering) of information.</p> <p>Monitoring is also allowing the results to be integrated into planning and implementation to improve, adapt and to change them.</p> <p>"Monitoring not only needs instruments; monitoring also requires the readiness to talk."<sup>9</sup></p>
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<sup>9</sup> Quotation from "Monitoring – mit der Realität in Kontakt bleiben", "Monitoring in the Project".

### 3.2 Different Levels of Monitoring

We differentiate three levels of monitoring.<sup>10</sup>

#### **Activity Monitoring:**

Which activities have we planned?

Which activities have we carried out?

(target-performance comparison)

#### **Result Monitoring:**

What have we achieved?

#### **Impact Monitoring:**

What impact does our work have?

These guidelines concentrate on the monitoring of impacts.

As mentioned above, impact monitoring provides the basis for orienting project and programme implementation towards the intended impacts. Naturally, making corrections to a project which does not achieve the intended impacts means changing its concept, and/or its organisation and/or environment and/or its target relationship, etc., i.e., its strategic parameters. This, however, does not

mean that the project stakeholders have to continuously observe all these strategic parameters.

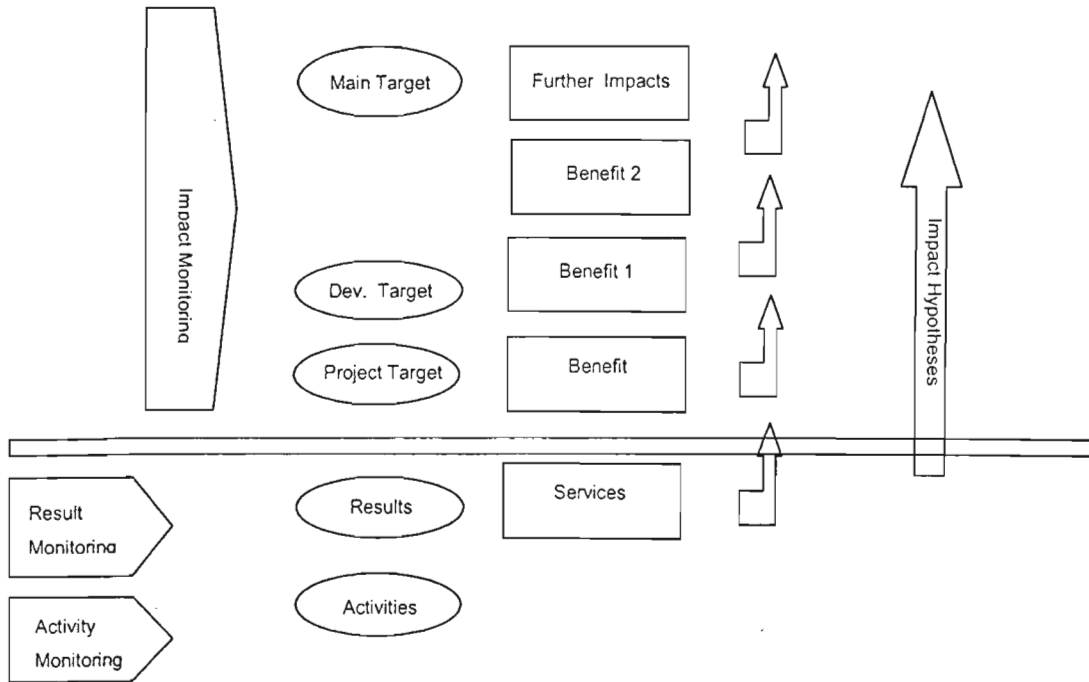
More importantly, as a result project staff should observe whether the intended results and impacts, or which results and impacts, have been achieved in order, in the case of deviations, to be able to look for the causes and to make corrections in the respective areas. The projects should reach an agreement with the stakeholders on the question of which type of monitoring they can additionally implement under consideration of their targets and as well as temporal and financial resources. More information is available on the other levels of monitoring. We can particularly recommend the publications "Monitoring im Projekt – Eine Orientierung für Vorhaben in der Technischen Zusammenarbeit", "Monitoring – der Realität in Kontakt bleiben", as well as "Processmonitoring – Eine Arbeitshilfe für Projektmitarbeiter/-innen".<sup>11</sup>

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<sup>10</sup> In addition, one can differentiate two additional levels: 1. Area Monitoring: Which external factors promote or hinder our work? 2. Process Monitoring: How have we attained something? Why have we not attained something?

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<sup>11</sup> See Bibliography (in Part II).



### 3.3 Which Impacts are We Dealing With?

"Projects are effective if the target groups require the project services, if they benefit from them and develop further in the direction they desire."<sup>12</sup>

We define impacts as the desired and undesired, intentional and unintentional impacts of project interventions or project services.

In accordance with the generally accepted GTZ understanding, we differen-

tiate between benefit, direct benefit and extensive impacts:

- Benefit – the first impact level – describes whether and how the project services are used by the target groups.
- Direct Benefit – the second impact level – describes the benefit for the target group achieved directly from a benefit.
- Extensive indirect impacts and highest-aggregated development progress – the additional impact levels – describe the changes that affect our work beyond the direct benefit in the area or also long-term

<sup>12</sup> Cf. "Monitoring im Projekt".

impacts, which appear only after the project has ended.

### **3.3.1 The difficulties in measuring impact**

Up until now, projects and programmes were over-burdened with requirements made of their success monitoring. Most M&E systems are directed towards target-performance comparisons. They should, however, still provide proof of what they have contributed towards the attainment of the highest-aggregated development progress (e.g., poverty reduction in a region, in the country). Experience has shown that only few projects are in a position to do that. Reliable performance levels are rarely available and if a relationship to highly-aggregated development progress can be established at all, then it is often via long, usually incomprehensible impact hypotheses which should explain that and why the project, for example, has not alleviated poverty in a given area.

The persuasive power of this "impact evidence" is meagre. In the past, one quite often heard the opinion that the corresponding project management was not carrying out its M&E tasks sufficiently and with insufficient professionalism.

Of late, the insight has, however, arisen more and more that, as a rule, it is not the programme management which fails, but instead that the project is usually being asked to do the impossible. Although many TC projects certainly do contribute towards economic and social development, this can hardly be statistically isolated in the network of real development processes – given an average endowment of DM 5 million. In technical terms this is known as a too low "factor weight".

Today's pressure to provide proof of results and impacts appears to aggravate the problem even further. Because the commissioners and the public have to be reliably informed with regard to what was actually achieved with the tax money invested in development co-operation, now "empirical proof" has to be presented, where up to now one rather worked with declarations of intent.

But how are we to carry out impact monitoring if the experience of two years of M&E practice show that the impacts of TC projects can only be reliably traced for a short time and, more significantly, when we are striving to link the German contribution to other development initiatives in the counterpart country? How is the contribution of an indi-



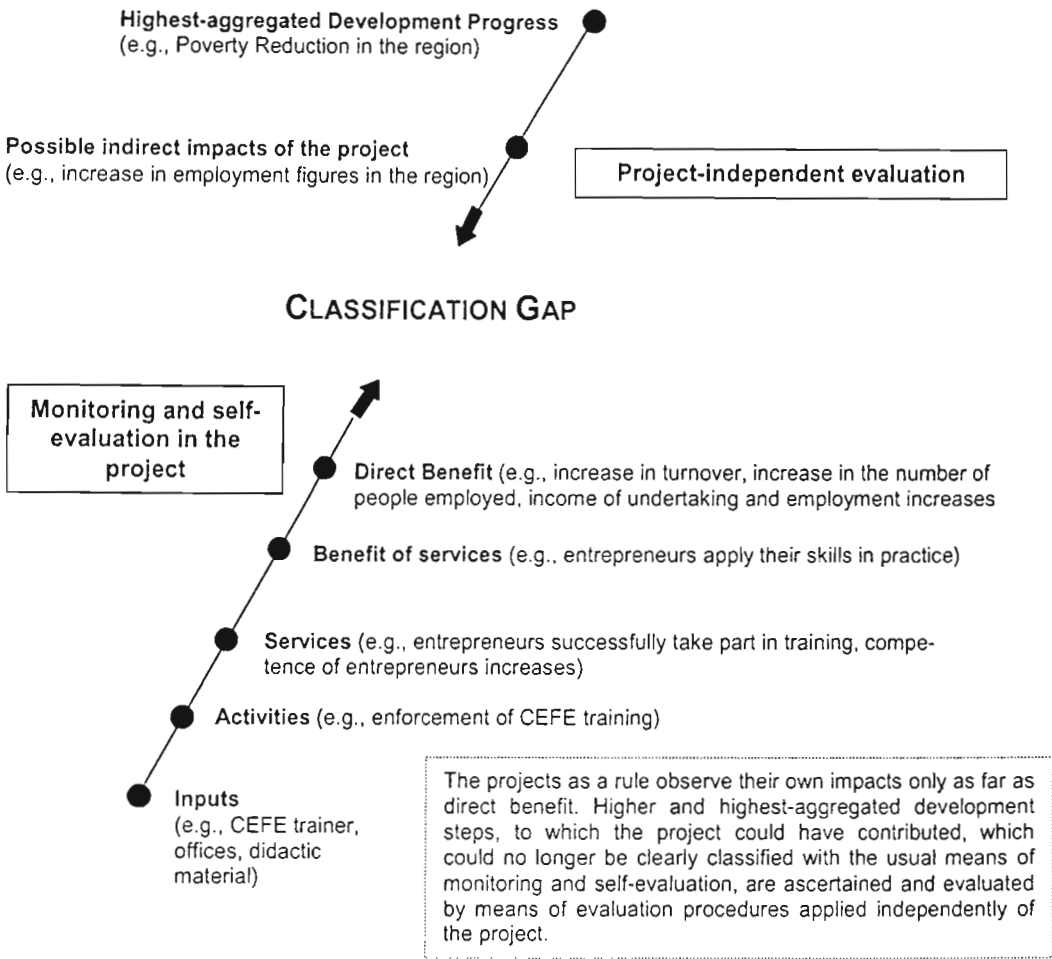
vidual project to be isolated in the complex development system?

### **3.3.2 The GTZ's Impact Model**

The GTZ's Impact Model provides an answer to these questions. This model is being used (as far as is known, for the first time in an evaluation concept of international development co-operation), to concede that a "classification gap" exists and to recognise it as a fundamental methodical problem of impact analysis. If at all, then the time is right

today to end mere the good intentions of impact analysis. In order not to suffer a setback during the first steps of implementation, but rather to achieve a practicable solution, one must know that, although necessary, it is difficult to evaluate results and impacts. Although determining development progress is difficult, it is still possible. The actual difficulties lie in the "attribution", i.e., in the classification of a highly-aggregated development progress for individual projects.

## The Impact Model of the GTZ



Source, GTZ, Staff Section 04, 1999

In order to understand the difficulties, it is helpful to look at a typical impact chain of economic and employment promotion on the basis of the model described.

Equipped with certain inputs (here CEFE trainer, offices, didactic material),

the project unfolds "activities" (e.g., CEFE training for the smallest businesses in the informal sector) and produces services and results (entrepreneurs take part in training). These services are used by the stakeholders in such a way that they apply the knowledge acquired (e.g., developing new

product ideas or up-to-date cost observation) in their small business (benefit). Their direct benefit would then, for example, be the stabilisation of the business and, thus, the sources of income for small entrepreneurs or an increase in income, which contributes to being able to better feed the family (a poverty alleviating impact relating to an individual).

In this lower part of the impact chain, the classification is still relatively simple, as the analysis is closely linked to the project. Nevertheless, causalities cannot necessarily be proved here, as there is a whole series of other influencing factors which are rarely known to everyone and normally cannot be isolated.

The further we progress along the impact chain (and thus distance ourselves from the project), the more difficult the classification becomes. Therefore, before we reach the higher-aggregated development progress, in practically every case we come cross a classification gap which a project can hardly bridge using its own funds.

The impact model adopted for the GTZ's system of evaluation locates the classification gap on the basis of a typical impact chain and based on this classifica-

tion gap it limits the tasks to be undertaken by the project itself.

### **3.3.3 Consequences of the impact model for impact monitoring in projects**

When they are based on this model, the projects are expected to:

- a) observe their impacts themselves up to the level of direct benefit;
- b) use the results of observation for self-control; and
- c) be able to provide up-to-date information at any time.<sup>13</sup>

In accordance with the impact hypothesis and impact model underlying the project, it is expected that the projects will understand the poverty alleviating impacts of their work up to the level of direct benefit as defined in the impact chain.

According to this model, establishing possible project impacts beyond the direct benefit, however, is not one of the tasks which have to be completed by the projects alone (in our model, e.g., the increase in the number of poor women

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<sup>13</sup> If projects want to go further than the direct benefit, of course they can do so, but they should attempt to remain within a cost framework of about 5% of the entire budget.

who are in adequate employment and have sufficient income in a region and thus poverty alleviating impacts in their region). Evaluation procedures which are independent of the project are used for this purpose, procedures which take larger "units of account", such as a region or a sector into account. Furthermore, they establish what has changed in their development status (this limitation is of great significance for the realisation of the approach), without simultaneously trying to attribute the established changes to specific projects.<sup>14</sup>

Ascertaining the higher-aggregated development progresses and their classification are two separate steps. The third step consists in establishing a plausible bridge between the results of project-internal monitoring and project-independent consideration of development progress.

Project-independent evaluations have up until now been implemented only in a few individual cases and still require considerable organisational and me-

thodical preparation in order to become a reliably functioning element in the GTZ's system of evaluation. However, it is already clear today that the differentiation between "monitoring and self-evaluation in the projects" and "project-independent evaluation" is a very promising, realisable concept for extending the GTZ's system of evaluation. The projects can make what is surely the most significant contribution towards this extension by developing their own impact analysis limited to the direct benefit and, thereby, withstanding the attempts to risk their professional evaluation of proximal areas on speculations at the distant end of the impact chain.

The second part of the guidelines thus concentrates on project-internal impact monitoring.

There is not always a provable causal connection between project services and impacts. The more we distance ourselves from the activities, the bigger the classification gap becomes, as the influence of other factors increases, i.e., we cannot prove in each case that the observed changes have occurred on the grounds of our activities. Nevertheless, we can always use various pieces of information from monitoring and evalua-

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<sup>14</sup> Such procedures have been, e.g., carried out many times already within the framework of the World Bank's poverty analysis. However, donor-counterpart alliances are required in order to yield their full potentials, which have not yet gone beyond modest beginnings. See also T. Kuby, "Making Evaluation Alliances Work", GTZ, May 1997.

tion to conclude that a plausible connection exists between activity and change.

### **3.4 Conventional and Participatory Monitoring<sup>15</sup>**

As the following table shows, we define conventional monitoring in its pure form to be "experts" at a certain point in time measuring and assessing the progress of a project, on the basis of the predetermined indicators. The focus during conventional monitoring thus lies in obtaining as "neutral" and "objective" an assessment as possible in order to be able to be accountable to the financiers or other entitled groups of the project.

In contrast, stakeholders have a central and active role in participatory monitoring. They are responsible for creating and assessing information, as well as preparing recommendations for changes in planning and implementation. The role of the external experts during participatory monitoring is not to assess the monitoring results, but rather to participate in the process and to support continuing learning of the stakeholders.

The focus during participatory monitoring is on building up the capacity and the will of the stakeholders to reflect, to analyse and to take over the responsibility for implementation of the recommended changes.

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<sup>15</sup> Deepa Narayan in "Participatory Monitoring and Evaluation – Module VI".



	Conventional Monitoring	Participatory Monitoring
Who?	External experts	Stakeholders, incl. target groups, project staff, external moderators
When?	At intervals determined by the project management	Continuously throughout the course of the project (decisions on information collection made by the stakeholders)
How?	Indicators which measure inputs and outputs – developed in workshops or by those responsible for the project  Questionnaires/interviews of external “neutral” evaluators not associated with the project	Indicators which were identified or developed by those involved in order to observe the results and impacts  Simple, qualitative and quantitative methods, applied by the stakeholders themselves (if necessary with external support, moderation and information collection)
Why?	So that project and staff remain accountable to the commissioner	In order to enable stakeholders to initiate changes

In accordance with our understanding of impact monitoring, we do not consider a purely conventional method of procedure for implementing and enforcing impact monitoring to be sensible.

The reason is that different actors have various interests and perceptions, but also different knowledge and experiences, harbouring a large potential for impact monitoring.

By involving the different actors during the establishing and implementing of impact monitoring, one increases the probability that impact monitoring will correspond to the interests and needs of the stakeholders and, therefore, that it will

- be implemented (in the long-term also without the support of the project);
- provide reliable or realistic information; as well as
- where necessary, lead to changes in planning and implementation of the activities; and
- lead to the improvement of the quality of project services.

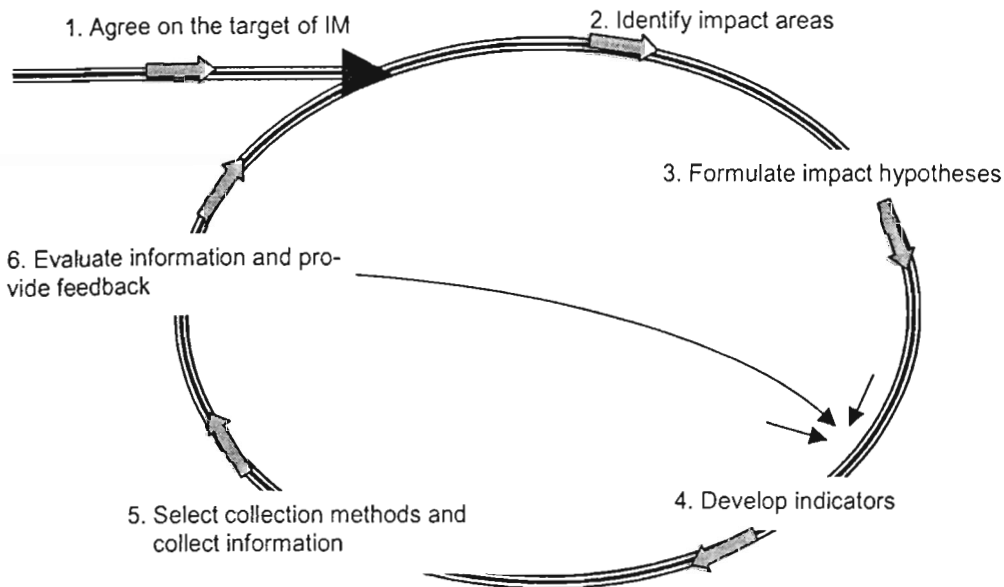
To what extent and how the stakeholders are involved in a basic participatory procedure can take on very different forms and must above all be directed by the expectations stakeholders have of impact monitoring.

#### 4. SIX STEPS FOR IMPLEMENTING AND CARRYING OUT IMPACT MONITORING

In analogy with the publication "Guidelines for Impact Monitoring – Sustainable Land Management"<sup>16</sup>, the following provides an overview of six methodical steps towards participatory implementation and enforcement of impact monitoring.<sup>17</sup> Above all, this is a matter of methodologically separating individual steps.

The chronological sequence of steps is appropriate for understanding and implementing impact monitoring. However, we are by no means suggesting that the individual steps can only be carried out in this order. It is more important and sensible to go back over a step preceding the one you are carrying out. For example, it is to be recommended that, after you have already formulated impact hypotheses, you reconsider which impact areas are to be observed.

##### The Six Steps of Establishing and Carrying Out Impact Monitoring (IM)



<sup>16</sup> GTZ, Department 25. The publication describes seven steps, whereby we have here summarised step 6 "Inform" and step 7 "Evaluate and Feedback" in one step, as we find it difficult to understand the methodical separation of these steps.

<sup>17</sup> These steps are thoroughly explained in relation to the respective area of tasks in Part II.

## **STEP 1**

### **Agreeing on the goals of impact monitoring**

It is usually advisors who initiate impact monitoring. Therefore, the first step is to identify the stakeholders in impact monitoring and clarify their respective interests in and expectations of it. Building on that, the stakeholders should determine the goals of impact monitoring. They should agree upon the methods and instruments with which they want to create the steps for structuring and enforcing impact monitoring. One person should be selected to be responsible for the process.

## **STEP 2**

### **Identifying impact areas**

In a second step, the most important stakeholders should identify possible impact areas on different levels. It is helpful to formulate guidelines: Which changes, for example, in the awareness or actions of which organisations, groups and individuals are the stakeholders aiming at or which do they expect? Together with the stakeholders you should then select the most important and the most relevant impact areas which you want to observe together throughout the course of the project. At

the beginning of impact monitoring it is often sensible to concentrate on one or a few impact areas.

## **STEP 3**

### **Formulating impact hypotheses**

In a third step, together with the others involved, you should establish hypotheses concerning which project services will effect what changes on the various levels and in various areas. This initiates reflection of possible impacts and creates an awareness of the numerous desired and undesired impacts of project interventions.

## **STEP 4**

### **Developing indicators**

In order to recognise whether and to what extent the impact hypotheses hold true and the project attains the intentional and unintentional changes, the project stakeholders need indicators or "milestones". Before you develop new indicators together with the rest of the stakeholders, you should assess whether already functioning monitoring system with indicators exist with the help of which you can recognise the desired changes. If this is not the case, you should identify and formulate possible indicators together with the rest of the

stakeholders, i.e., also with users/target groups.

#### **STEP 5**

##### **Selecting methods of data collection and collecting the corresponding information**

In a fifth step, you should first of all, against the background of available materials, human and financial resources, clarify the expectations of those involved regarding the quality and quantity of data, such as, for example, accuracy, reliability and representativity of information, as well as the relevant requirements of information-gathering methods. On the basis of expectations and requirements, you should prepare a mixture of methods and instrument together with other stakeholders (full or partial collection of information, before-and-after comparison and/or comparison with control groups, qualitative, quantitative and/or semi-quantitative methods, written or oral questionnaires and/or observation). You can and should also develop your own methods and instruments which correspond to the specific requirements of the project and stakeholders. Furthermore, you should determine who will gather the information (project staff or the external experts).

#### **STEP 6**

##### **Evaluating information and feedback**

The sixth step, the continuous feedback of information from monitoring in project planning and implementation and introduction of corrections is the most important one, as the enforcement of the earlier steps alone would make little sense and satisfy only your interest in gaining more insights. The goals of impact monitoring should, however, be to direct the project planning and implementation towards their desired impacts, to learn from the experience gained and to improve the quality of project services. In this step you should, therefore, agree on when, how and by whom the information gained from observation is to be analysed and evaluated. It should also be determined when and how the resulting decisions are to be made and corrections introduced.



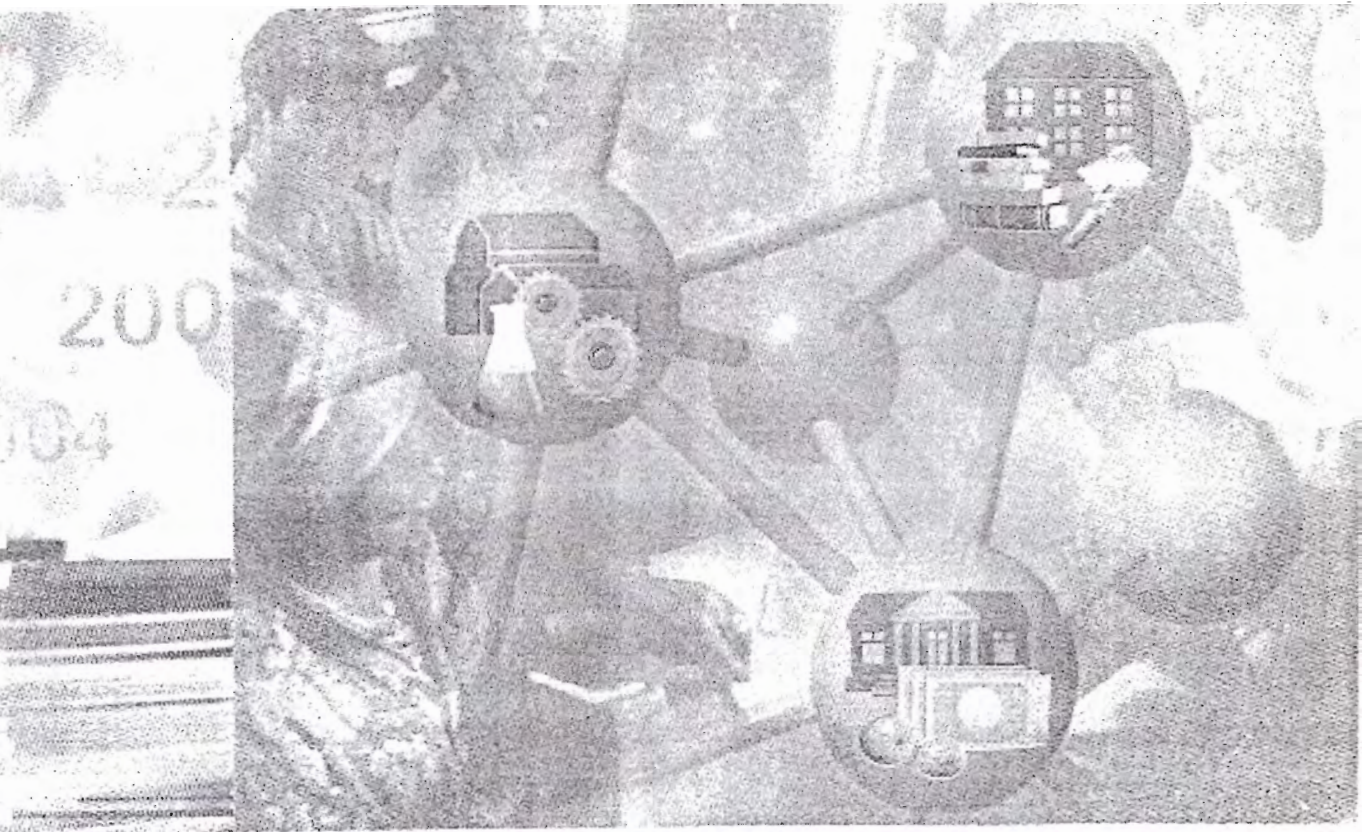












Martina Vahlhaus

## **Guidelines for Impact Monitoring in Economic and Employment Promotion Projects with Special Reference to Poverty Reduction Impacts**

**Part II: How to Introduce and Carry Out Impact Monitoring – Tips, Methods and Instruments**



Martina Vahlhaus

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**Part II: How to Introduce and Carry Out Impact Monitoring – Tips, Methods and Instruments**

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## PREFACE

Part I of the guidelines outlined our understanding of the different forms of impact monitoring, its benefit for users and how it is embedded in the GTZ's new system of evaluation. Part II, which is based on these considerations, concentrates on project-independent monitoring.

Chapter 1 of Part II describes in detail six methodical steps<sup>1</sup> that have already been outlined in Part I. The outlined procedure will help you to implement and enforce poverty-related impact monitoring.

In order to ensure that this is as practice-oriented as possible, we document how different Economic and Employment Promotion (EEP) projects have carried out the individual steps. As we have identified only a very few projects which systematically carry out impact monitoring, we will often have recourse to the same examples from Financial Systems Development and Small and Medium-Sized Enterprises Promotion, the primary target of which is, however, not necessarily poverty reduction.

Chapter 2 illustrates the structure of impact monitoring based on two practical examples. We have retrospectively classified the activities implemented by the projects according to the six steps.

Chapter 3 describes, in the form of a glossary, different methods and instruments which will provide you with ideas on how to implement the six steps in your project. The references quoted indicate where you can find out more about the individual methods and instruments.

The method of procedure we are suggesting can be implemented depending on the previous knowledge and experience of project staff and advisors, with their own resources or with the support of consultants. Should you be in need of support, we can

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<sup>1</sup> Following the GTZ/Centre for Development and Environment (CDE) Switzerland "Sustainable Land Management – Guidelines for Impact Monitoring – Workbook"

supply the names of consultants who are well-acquainted with the procedures described.

**The approach suggested in these guidelines is at present being applied, documented and evaluated in various EEP projects. The experience gained will be incorporated into a revised edition of these guidelines in around two years' time. We are also interested in your experience.**

Please send us your experience of implementing impact monitoring, as well as your comments and suggestions on improvements to these guidelines.

We welcome your feedback.

## 1. SIX METHODOLOGICAL STEPS OF IMPACT MONITORING

### 1.1 Step I: Agreeing on the Goals of Impact Monitoring

Your first step is to:

- Identify the stakeholders in impact monitoring;
- Clarify the stakeholders' interests in and expectations of impact monitoring;
- Agree on the goals of impact monitoring with the stakeholders; and
- Determine further procedures for developing impact monitoring.

#### 1.1.1 Who are the "stakeholders" in the field of EEP?

In general, an analysis of stakeholders is carried out during a project's planning workshop and this should form the basis of subsequent considerations. It is very important for impact monitoring that those who initiate it (usually the advisors) bear in mind who the stakeholders are and who the key stakeholders are and who should be involved in structuring and carrying out impact monitoring.

The people, groups and organisations who are actively or passively involved in

"your" project or programme are those who

- have an interest in the goals or activities of the project,
- can profit from the impacts or suffer as a result of it,
- can influence the performance of the project.

In EEP projects these could be:

- Entrepreneurs of big, medium, small and the smallest undertakings in the formal and informal sector in employment-intensive/capital-intensive branches of industry.
- Employees of these undertakings (male/female, managers/employees, highly-/little-qualified, from the lower, medium and upper income brackets, etc.).
- Graduates of vocational education (male/female, employed/unemployed, from lower, medium and upper income brackets, etc.).
- Potential entrepreneurs, salaried employees, those undergoing training and further training, for example, unemployed and under-employed young people and adults, highly-/little-qualified, from lower, medium, upper income brackets in urban and rural areas.



- Decision-makers and salaried employees in self-help organisations (SHOs) from trade and industry, NGOs, vocational schools, banks, savings banks, etc.
- Decision-makers and salaried employees from the economics, work, education and finance ministries and their affiliated authorities.
- Project staff.
- The GTZ, the BMZ, other organisations, donors, etc.

#### **1.1.2 Identifying and selecting key stakeholders**

"Key stakeholders" are those who significantly influence the success of the project.

They can be identified with the help of a "stakeholder analysis", by means of which their interests in the project and their possibilities of influencing it are analysed and assessed.

The stakeholder analysis enables one to establish the organisational environment, the interests and relationships (and possible conflicts) between the stakeholders and their relevant involvement in impact monitoring (cf. also Glossary).

#### **1.1.3 Clarifying expectations of impact monitoring**

The following questions can form the basis of discussions with the stakeholders to ascertain their expectations:

- Why are stakeholders interested in the success of the project?
- What information do they need on the project?
- What are the stakeholders expecting of the impact monitoring system?

#### **1.1.4 Agreeing on the goals and demands on impact monitoring**

Based on the different expectations made of impact monitoring and against the background of the available resources, the goals and demands on impact monitoring should be clarified with the stakeholders:

Goals:           What do we want to achieve by carrying out impact monitoring?

Resources:     How much and what human and financial resources are available or carrying out impact monitoring?

It is to be expected that project-internal impact monitoring will be able to provide sufficient and adequate information in good time and at as little expenditure as possible (in terms of finances and time) which will enable the stakeholders to ascertain whether the desired impacts can be achieved.

The project stakeholders will define their goals in correspondence with the amount of time and finances required in each individual case. In the interests of being able to assess information in good time, we would like to encourage you to apply more simple procedures, too, which do not necessarily fulfill scientific criteria. However, these can provide you with reliable statements concerning trends within a short span of time and thus form the basis for an assessment of the success of a project. If the costs of impact monitoring bear a suitable relationship to the arising benefits for the stakeholders, especially for the organisations implementing it, the probability of guaranteeing the sustainability of impact monitoring (long-term implementation by counterpart institutions) thus increases. Establishing the various qualitative and quantitative changes as precisely and as representatively as possible, however, generally gives rise to

high costs and is more likely to satisfy scientific interests.

**Goals of Monitoring  
In a Handicraft Chamber  
Counterpart Project in Brazil**

The goal of the project is to mobilise the demand of SMEs according to the services provided by business associations (among others advisory services, training and further training) leading to change processes in the undertaking.

The priority goals of impact monitoring are:

- To inform the project team about the impacts of its initiated measures in order possibly to deduce further steps.
- To raise awareness among the full-time and voluntary staff in the associations, as well as the SMEs, to encourage them to think it over and to reach the relevant conclusions for your activities.

It is not a question of believing that the associations, as well as the SMEs are in position A at the beginning of the project and, after reaching position B, have achieved the project goal. Moreover, the intention is to allow tensions to arise between the participants, enabling a permanent change process in and between the organisations/SMEs to begin.

**1.1.5 Agreeing on the method of procedure for developing impact monitoring**

The stakeholders can be involved in carrying out the six steps of impact monitoring in various ways.

You should, therefore, discuss with the stakeholders who will carry out the individual steps and how. The goals of impact monitoring as well as the following criteria should guide you during this discussion:

**Participation:** How important is it to involve whom in the individual steps?

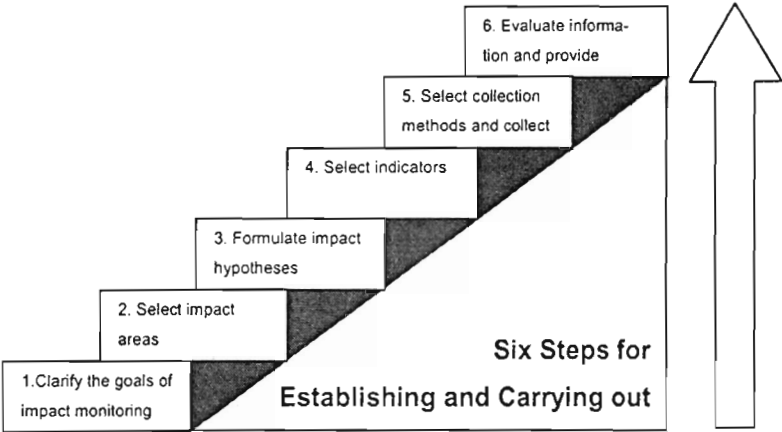
**Timeframe:** Within which timeframe should impact monitoring be developed and carried out?

**Resources:** What financial and human resources are available for development?

**1.1.6 Those responsible for impact monitoring**

Each project should select a member of the project staff who is to be responsible for designing the impact monitoring process. This person should be in a position to initiate the necessary steps as outlined and to moderate the processes.

In complex projects or programmes, it is recommended that you create an impact monitoring team, so that the impact monitoring process can be designed efficiently and produces results in line with the goals (cf. also Glossary).



## **1.2 Step II: Identifying Impact Areas**

Your second step is to

- identify possible impact areas; and
- agree on which impact areas are to be observed.

### **1.2.1 What are possible impact areas?**

Regarding the observation of impacts, it is important to bear in mind that the project activities you carry out will lead to changes on various levels and in various areas.

In the planning workshop, the stakeholders agree on the important changes on the level of main, development and project objectives by formulating the goals and corresponding indicators. These are recorded in the PPM, i.e., the stakeholders determine certain impact areas on certain levels (benefit of services and more far-reaching impacts).

As described above, within the framework of project-internal impact monitoring, we recommend that you work up to a level of direct benefit.

In addition, there are numerous changes which EEP projects are aiming to initiate on different levels and in different areas. Alongside the common goals, the different stakeholders often still have very different (direct and indirect) and further goals, which you are attempting to attain in the project. Furthermore, the different impact areas envisaged can often only be described very roughly due to the lack of time in a planning workshop<sup>2</sup>. All these areas should be included when selecting which impact areas to observe.

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<sup>2</sup> Cf. also Dolzer H. Duetting M. Galinski D., Meyer L. R., Rottlaender P., "Wirkungen und Nebenwirkungen", Edition Weltweite Solidarität, 1998.

<b>Desired Changes on the Macro, Meso and Micro Level Starting Point of SME and Employment Promotion in a Systematic Perspective<sup>1</sup></b>			
	<b>SME Promotion</b>	<b>Promotion of Smallest Enter- prises</b>	<b>Employment Pro- motion</b>
<b>Macro</b>	<ul style="list-style-type: none"> <li>• Change in Macro Frame- work</li> <li>• Change in Trade Policy (reducing dis- crimination)</li> <li>• Reducing Regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Change in Macro Frame- work</li> <li>• Reducing Regulations</li> <li>• Flat rates for Taxes and So- cial Security Contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Change in Macro Framework</li> <li>• Reducing Regu- lations</li> <li>• Reducing Ancil- lary Wage Costs</li> <li>• Investment Pro- grammes</li> </ul>
<b>Meso</b>	<ul style="list-style-type: none"> <li>• Changes in Business Asso- ciations and Meso Institu- tions</li> </ul>	<ul style="list-style-type: none"> <li>• Changes in Organisations Promoting Smallest Enter- prises and in Micro Financial Institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Qualifying Pro- grammes</li> <li>• Job Placement</li> </ul>
<b>Micro</b>	<ul style="list-style-type: none"> <li>• Change in SME</li> <li>• Encouraging Business Net- works</li> </ul>	<ul style="list-style-type: none"> <li>• Learning Proc- ess in Smallest Enterprises</li> <li>• Co-operation between Busi- nesses</li> </ul>	<ul style="list-style-type: none"> <li>• Wage Subsidies</li> <li>• Employment Agencies</li> </ul>

<sup>1</sup> Following: Meyer-Stamer J., "Wirtschafts- und Beschäftigungsförderung in systematischer Perspektive: KMU-Förderung, Förderung des Informellen Sektors und Beschäftigungsförderung - Ansatzpunkte und Komplementaritäten", 1998

A project can, for example, attempt to achieve changes

- on the macro, meso and micro level,
- on the level of certain organisations, businesses, groups and/or individuals,
- in the areas of awareness-raising, trading or the results of trading.

Economic and employment promotion measures are in most cases directed at salaried employees of mediating organisations. The intention when carrying out project activities is to bring about changes on the meso level on a first aggregation level, i.e., on the level of one or more organisations. This includes, for example, increasing client- and demand-orientation. Staff in the institutions learn that promotional services are only accepted and the skills only transferred if they actually correspond to the support required by the target groups. Accordingly, the needs and interests of the clients must be taken seriously when designing the services to be provided. When demands are not clearly articulated it is necessary to clarify the commission, during which the target groups are supported in more clearly formulating their requirements. The project measures can only be effective if on the next aggregation level the

target groups use the services provided by the intermediary organisations and develop further in the direction they desire.

In projects whose target groups are the poor, stakeholders select impact areas which provide information on whether the situation of the poor has improved or not. This can relate both to their employment and income situation, as well as to increased self-respect, self-confidence and to the ability to articulate and organise themselves.

In projects which are not directly geared towards the poor, the attempt should be made – if those involved in the project can agree to – to include impacts on poor target groups in the project environment. This can, for example, relate to the additional employment of poor target groups and also to their being made redundant or changes to their working conditions, to the increased inclusion of subsistence businesses, etc.

Poverty-related EEP should always observe its impacts on poor target groups.

Impact Areas <sup>3</sup> Financial Systems Development Projects in Cote d'Ivoire/Niger	
<b>HUMAN CAPITAL</b> <i>Cognitive Changes</i> <ul style="list-style-type: none"> <li>• Skills, knowledge</li> <li>• Perceiving the environment</li> </ul>	<b>SOCIAL CAPITAL</b> <i>Changes in relation to the environment</i> <ul style="list-style-type: none"> <li>• (Negotiating) power</li> <li>• Reaching decisions</li> <li>• Participation in local institutions</li> </ul>
<b>MATERIAL CAPITAL</b> <i>Material Changes</i> <ul style="list-style-type: none"> <li>• Access to and control over productive resources</li> <li>• Gaining security and minimising risks</li> <li>• Satisfying basic needs</li> </ul>	<b>HUMAN CAPITAL</b> <i>Changes in Perception</i> <ul style="list-style-type: none"> <li>• Self-respect</li> <li>• Self-confidence</li> <li>• Mobility</li> <li>• Visions of the future</li> </ul>

Observing all possible impact areas in a project or programme would be very costly and also not sensible, as you would be in danger of generating unnecessary quantities of data. Analysing and evaluating large amounts of information is difficult and the deriving corrections to be made in the project implementation almost impossible. The stakeholders must thus set priorities.

### 1.2.2 Which impact areas do we want to observe?

The most important and most relevant impact areas that should be observed depend, on the one hand, on the goal of

the project and, on the other, on the stakeholders' various interests.

Identifying the corresponding impact areas, for example, agreeing on corresponding goals and indicators in the planning workshop is, therefore, as a rule, a first step in participatory impact monitoring. In addition it is a preparatory process for developing specific indicators (Step IV).

In order to select relevant impact areas it is helpful to formulate key questions.

<sup>3</sup> Schaefer B., University of Hohenheim "Baseline Erhebung/Wirkungsbeobachtung PADER-NORD, Methodische Vorgehensweisen und erste Untersuchungsergebnisse", 1997.



**The Impact Areas "Employment", "Income", "Empowerment" –  
Key Questions from the GTZ's and the BMZ's Point of View  
(Differentiated according to Men and Women)**

**Employment:**

- Whose employment is increased, secured, reduced and to what extent? Are those concerned poor?
- How sustainable and durable are the employment effects? How secure are the jobs in the future?
- Characteristics of the (new) job:  
Full-time, part-time, housework, freelance work?  
In the formal and informal sector?  
With high or low qualification requirements?  
With high or low, secure or insecure income/salary?  
With high or low job security?  
With good or bad working conditions?
- In what respect has the job changed (branch, type of employer, size of the undertaking etc.)?

**Income:**

- Whose income has changed? To what extent? Are those concerned poor?
- Is the income secure, has it increased and, if so, to what extent?
- How sustainable and durable are the income impacts?
- How and by whom is the increased income used?

**Empowerment:**

- Have the target groups (the poor, women, men, entrepreneurs, dependent employees, etc.) organised themselves? If so, how?
- Does the chosen form of organisation help them to articulate their needs?
- Are they successful in pushing through their interests?
- Which additional measures of support are necessary?

### 1.2.3 Difficulties in observing income and employment promotion impacts

The impact areas "Income" and "Employment" are difficult to observe on the level of the enterprises and target groups in many (especially complex) EEP projects.

For example, often the entrepreneurs do not want to or cannot, for various reasons, provide exact quantitative information on income development.

*"In periods of up to 80% inflation per month, in some cases with no separation of business and private income, of preparing accounts that are oriented exclusively to the tax authorities and not to management criteria, of maintaining diverse unrecorded accounts, etc., each question regarding financial figures remains unanswered. SMEs themselves do not even know them and the expense of letting external advisors collect information on them would be too high."*<sup>4</sup>

In these and similar cases you can, in consultation with those involved, observe other developments or changes

which lead you to recognise whether the entrepreneurs' income has increased or not. These can include both changes in the behaviour of poor target groups, who after participating in projects are more likely to be in a position to adapt flexibly to changes in their environment, as well as information on changes in consumer behaviour, which is often triggered by changes in income.

In other cases – above all in projects far removed from target groups, whose project services are mainly directed at the macro and/or meso level – difficulties above all arise because

- those target groups which expect positive income and employment impacts are not limited by number or space, are not personally known and/or live and work in areas which are difficult to reach;
- the income and employment of the target groups is influenced by many other project-external factors (classification gap);
- too much time is wasted between providing the service and realising income and employment effects on the level of target groups.

Often, the demands made regarding the precision of observation results are too high. That is, for example, the case if the

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<sup>4</sup> Quotation from a project in Brazil – Mueller-Glodde R.

stakeholders want to record exactly how many target group representatives' income has increased by what percentage, or exactly which jobs were created.

In many of these projects you can make plausible statements on changes in income and employment if you reduce the requirements regarding accuracy and representativity, for example, by only carrying out spot checks of users of the project services to see whether your impact hypotheses are correct: Are they using the project services in the desired manner or how are they using the project services? Was that of benefit to them? If so, what benefit did they get from it – among others, in the area of income and employment? These intended changes or the chain of different intended changes (impact hypotheses, chains) should lead to the desired income and employment effects being registered among the target groups.

Doing spot checks of your impact hypotheses, i.e., including registration of qualitative information on changes, enables you to draw plausible conclusions. You can thus make statements on trends concerning whether and how the project measures are contributing towards attaining the desired income and employment effects.

In some cases, it may also be sensible, together with other projects, as part of project-independent impact monitoring, to observe income and employment changes among entrepreneurs and salaried employees, possibly at an aggregated level. The projects can also share the costs of doing this.

#### **1.2.4 Central questions for selecting impact areas**

You should discuss the following questions with the stakeholders, in order to select impact areas that are to be observed:

- What changes is the project aiming to initiate, on what level and who?
- Which changes are we most interested in?
- What is important on which level? What not?
- Which changes do we want to observe?

#### **1.2.5 Concentrate on a few impact areas**

It is entirely legitimate and also sensible to concentrate on one or a very few impact areas at the beginning of impact monitoring. When assessing the results, you should agree with the stakeholders on whether you want to increase your

observation of the selected impact areas or which other impact areas you want to observe instead or in addition (Step VI).

In general it is sensible, at the start of the project cycle, to begin with the observation of impact areas on the level of benefit and partly on the level of use.

Often it will be a few years before you want to observe further impacts (partly also benefit), if need be as part of project-independent impact monitoring.

The following example shows selected impact areas on different levels, as well as corresponding key questions.

<b>Selected Impact Areas in a Handicraft Chamber Partnership Project in Brazil</b>	
<b>In the associations:</b>	In what way do the numbers of members and staff change? Which lobby and service activities do the associations develop?
<b>Between association and SMEs:</b>	Which changes in the mutual relationship are perceived? How are these judged?
<b>Between the SMEs:</b>	Does the relationship between the SMEs change? Do they develop from a destructive behaviour towards one another – the other SME is my competitor and therefore, in the Latin American context, my personal enemy – to a constructive association – the other SME is seen as a colleague who has the same problems, difficulties and goals?
<b>In the SMEs:</b>	Which changes are realised in the SMEs? Are the SMEs more efficient? How can this be registered? Were additional jobs created or were jobs destroyed? Who was affected (age, sex, qualifications, income segment, etc.)?

**Example of Central Questions on Changes in the Fields of Financial Systems Development,  
Job Training, SME Promotion and Policy Advisory Services on the Level of  
Government Organisations, Mediating Organisations, Enterprises and Target Groups**

Participants	Financial Systems Development	Job Training	SME Promotion	Policy Advice
Government Organisations	<p>To what extent do the services (policy papers, laws, etc.) take into consideration the needs of financial institutions, smallest, small and medium enterprises, in the formal and informal sector, of specific poor target groups?</p> <p>How are the services worked out? In co-operation with whom? Can the poor target groups co-operate?</p> <p>Does the organisation work more efficiently?</p> <p>Do the staff think in a client-oriented manner, less control-oriented?</p> <p>Are the staff trained to recognise the needs of the poor target groups, to communicate with poor target groups and, if need be, to exert an influence on the mediating organisations so that these offer an adequate service to the poor target groups?</p>	<p>To what extent do the services (vocational training papers, laws, etc.) take the needs of vocational training institutions, trainees, young people, poor target groups and smallest and small enterprises into consideration?</p> <p>Do concepts especially directed at the needs of the poor target groups in the vocational sector exist which take into consideration the fact that the poor seldom possess formal starting qualifications and seldom have time and money to complete long-term courses?</p> <p>How are the services worked out? In co-operation with whom? Can the poor target groups co-operate?</p> <p>Does the organisation work more efficiently and more creatively, particularly with regard to solutions adapted to the poor?</p> <p>Are there, e.g., certifications after short courses in areas in which the poor primarily work, so that they gain easy access to the job market?</p> <p>Do the staff think in a client-oriented manner? (Do they know the needs, potentials and limitations of poor target groups and orient their work towards them?)</p>	<p>To what extent do the services (policy papers, laws, etc.) take the needs of the SSMes (including subsistence small business undertakings, non-formalised undertakings) into consideration?</p> <p>How are the services worked out? In co-operation with whom? Can the position and needs of the smallest undertakings in the lower income bracket be included? Are they accepted?</p> <p>Does the organisation work more efficiently?</p> <p>Do the staff think in a client-oriented manner?</p> <p>Are the staff trained in recognising the needs of poor target groups, communicating with poor target groups and, if need be, exerting influence on the mediating organisations, so that these provide an adequate service to poor target groups?</p>	<p>To what extent do the services (policy papers, laws etc.) take the needs of EEP institutions, enterprises, the population into consideration?</p> <p>Does the organisation work more efficiently and more effectively?</p> <p>Do the staff think in a client-oriented manner?</p>

Continued: Example of Central Questions on Changes in the Fields of Financial Systems Development, Job Training, SME Promotion and Policy Advisory Services on the Level of Government Organisations, Mediating Organisations, Enterprises and Target Groups

Participants	Financial Systems Development	Job Training	SME Promotion	Policy Advice
Mediating Organisations	<p>Does the financial institution work more efficiently?</p> <p>Are their services client-oriented?</p> <p>Are there special services which are adapted to the needs of poor target groups (short-term, revolving credits which correspond to the smallest management, low accessibility, unbureaucratic procedures, acceptance of the poor as clients and not as petitioners, etc.)</p>	<p>Are the services of training organisation more effective?</p> <p>Is training adapted to the requirements of the job market (enterprise, potential trainees)?</p> <p>Do special services exist for poor target groups (e.g., short courses with recognised certificates in areas in which the poor are primarily employed)?</p> <p>Does the training organisation work more efficiently?</p> <p>Do the trainers know the requirements of poor target groups and have sufficient didactic knowledge to co-operate with poor target groups?</p>	<p>Do the services offered correspond to the requirements of the SMEs?</p> <p>Do special services exist to support subsistence small businesses?</p> <p>Does it represent the interests of the SMEs effectively vis-à-vis the government?</p> <p>Does it support the enterprises, especially smallest businesses of poor target groups in increasing their ability to organise and articulate themselves?</p> <p>Do the staff think in a service-oriented manner?</p> <p>Does the organisation work more efficiently and more effectively?</p> <p>Do the staff know about the requirements of entrepreneurs from low income groups and do they have sufficient didactic knowledge to co-operate with poor target groups?</p>	<p>How satisfied are the EEP organisations with the basic conditions?</p>

Continued: Example of Central Questions on Changes in the Fields of Financial Systems Development, Job Training, SME Promotion and Policy Advisory Services on the Level of Government Organisations, Mediating Organisations, Enterprises and Target Groups

Participants	Financial Systems Development	Job Training	SME Promotion	Policy Advice
Enterprises	<p>Do the enterprises (SMEs in the formal and informal sector) know about the bank's services?</p> <p>Who makes use of the services?</p> <p>Are the clients (differentiated according to size of enterprise, formal/informal sector, managed by women/men, subsistence small undertakings or growth industries, etc.) happy with the bank's services? How is this determined?</p> <p>Are the services adequate from the clients' point of view? Which additional services are necessary for subsistence small undertakings and poor freelancers workers?</p> <p>Do the bank's products correspond to the needs of the target groups? What changes may need to be introduced in businesses managed by the poor?</p> <p>What do the enterprises/entrepreneurs use credits for in their business?</p> <p>Have the enterprises grown? Have they increased turnover and employment?</p>	<p>Do the enterprises know the training organisation and its services?</p> <p>Are the enterprises satisfied with those finishing their training?</p> <p>Do the enterprises desire shorter and more adapted training courses for certain low -qualified target groups?</p> <p>Do those finishing their training satisfy the demands of the enterprises?</p> <p>Have those recently finishing their training changed something in the enterprise? If so, what?</p>	<p>Do the enterprises know the services of the SSME-promoting organisations?</p> <p>Are the enterprises satisfied with the service/body representing the interests of the SSME-promoting organisation?</p> <p>Do especially non-formalised smallest enterprises/subsistence small undertakings feel they are being represented?</p> <p>From their point of view, are the services (especially also from the point of view of entrepreneurs from poor population groups) adequate and adapted to their requirements?</p> <p>Do the enterprises improve their management?</p> <p>Do turnover and the number of people employed in the enterprise change?</p> <p>When reducing or increasing the number of jobs: What kind of jobs are affected: with lower/higher qualifications, low: medium, high income?</p> <p>How satisfied are the staff?</p>	<p>How satisfied are the enterprises with EEP policy and basic conditions?</p>



Continued: Example of Central Questions on Changes in the Fields of Financial Systems Development,  
Job Training, SME Promotion and Policy Advisory Services on the Level of  
Government Organisations, Mediating Organisations, Enterprises and Target Groups

Participants	Financial Systems Development	Job Training	SME Promotion	Policy Advice
Target Groups	<p>Who profited from possible job creation in the enterprise? (highly or little qualified, from the lower, medium or upper income groups)?</p> <p>How satisfied are the staff with the working conditions?</p>	<p>Do the target groups know about the training courses offered by the organisation?</p> <p>Is the offer adequate in their view?</p> <p>Are there special courses for poor target groups (women, men) who cannot provide funding for long-term training courses and normally do not fulfil the entry requirements?</p> <p>Who takes the training courses; what is their motivation; when?</p> <p>How satisfied are the trainees with the quality of the training? How have they benefited from the training courses?</p> <p>Do you recommend them to others?</p> <p>What do those finishing their training do after the course? Are they satisfied with what they do?</p> <p>Have those finishing their training (especially the poor) got a job? If so, what kind of a job and where?</p> <p>How much do they earn?</p> <p>What have those finishing their training done themselves?</p>	<p>Do the target groups (especially poor target groups) know about the services of the SSME-promoting organisation?</p> <p>Are the services on offer adequate and suitable in their view?</p> <p>Are there special services for poor target groups (women/men) for whom it is difficult to find funding for training and further training and who do not have the usual entry requirements?</p> <p>Who uses the services? What is their motivation? When?</p> <p>How satisfied are the advisors with the quality of the services?</p> <p>What have they benefited from the service? What do they do differently?</p> <p>Do you recommend them to others?</p> <p>What have the advisors/house completing their training contributed?</p> <p>How has the number of employed developed, particularly among the poor target groups?</p> <p>How has the income, especially of poor target groups, developed?</p>	

### 1.3 Step III: Formulating Impact Hypotheses

Your third step should be to

- identify possible impacts of project services; and
- formulate impact hypotheses.

#### 1.3.1 What changes do the project services give rise to?

Those impact areas should be chosen which are the most relevant from the point of view of the stakeholders. The aim of the envisaged results is to achieve changes or positive and desired impacts in these areas.

We are proceeding on the assumption that the project activities lead to direct and indirect socio-economic change processes and visible effects on the level of users of project services, i.e., also in the (poor) target groups.

In reality, it is naturally hardly possible to clearly isolate the cause–impact inter-relations as reality is more complex and

multi-layered. Therefore, you should make assumptions together with the stakeholders or formulate hypotheses as to which changes (impacts) can be expected with which results on different levels and different areas.

#### 1.3.2 Developing impact hypotheses

Preparing suitable impact hypotheses is not very easy and, above all, time-consuming. Although external specialists can provide support, the task should not be delegated to them. It is not sufficient to orient oneself towards the goal of the project. Moreover, it is necessary to formulate hypotheses together with the stakeholders and, above all, with the users of project services, as their experiences and their knowledge should be integrated. The different hypotheses reflect the different observations, interests and expectations of the stakeholders, as the following example vividly shows:

Impact Hypotheses Regarding the Service “Supporting Business Associations in Developing their Organisation”		
	Desired Impact	Undesired Impact
<b>Finance Ministry</b>	<ul style="list-style-type: none"> <li>• Association supports enterprises more effectively</li> <li>• Output of enterprises improve</li> </ul>	<ul style="list-style-type: none"> <li>• Association becomes more powerful/critical (vis-à-vis government)</li> </ul>
<b>Small/Smallest Entrepreneurs</b>	<ul style="list-style-type: none"> <li>• Association represents interests of the enterprises better vis-à-vis the state</li> <li>• Smallest enterprises are integrated and feel they are being represented</li> <li>• Registration procedures are simplified</li> </ul>	<ul style="list-style-type: none"> <li>• Association is more involved with itself than with the enterprises</li> <li>• Smallest enterprises are marginalised</li> </ul>
<b>Other SME Organisations</b>	<ul style="list-style-type: none"> <li>• The government pays more attention to the association</li> </ul>	<ul style="list-style-type: none"> <li>• Association has advantages vis-à-vis us</li> </ul>
<b>Business Association</b>	<ul style="list-style-type: none"> <li>• More influence vis-à-vis government</li> <li>• Future of the association is guaranteed</li> </ul>	<ul style="list-style-type: none"> <li>• More work done, more time needed</li> </ul>

In addition, by getting stakeholders to reflect on possible impacts, you also get them to observe themselves. Discussing different hypotheses makes it easy to identify the realistic options and to create an awareness for a multitude of undesired and unplanned impacts of project services.

### 1.3.3 Central questions for identifying impacts of project services

The following questions can be discussed in order to work out impact hypotheses:

- Who is using which of the project's services and how?
- Who profits in what form from using the services (benefit)?
- Which further impacts do we expect?

### Gender-Specific Formulation of Impact Hypotheses

Financial Systems Development Projects in Cote d'Ivoire/Niger<sup>5</sup>

Using the financial services leads to:

#### On the household level:

- A gradual increase in assets used by the family (increase in welfare)
- An increase in finance capital (better credit management)
- Food security
- A higher level of education for children (schooling, secondary school)

#### On the Business Level

- A net increase in working capital
- An increase in profits/diversification of income activities (seasonal, type, investment in more profitable activities)
- Better management of existing capital
- Better management of financial capital

#### On an Individual Level (in addition to Business Level)

- An increase in the accumulated financial and real capital which the beneficiaries have control of (men and women)
- An increase in assets, thus also gaining security and independence (men and women)
- An increase in self-confidence (financial independence, further training) (women)

#### On Community Level

- Investments in rural infrastructure
- Participation in organisations
- Taking on social responsibility

## 1.4 Step IV: Developing Indicators

### 1.4.1 What do we need indicators for?

You need indicators or "characteristics", "signs", "milestones",

- on the basis of which you can recognise whether and to what extent the impact hypotheses hold true and the envisaged and unintended changes set in;
- in order to select from this multitude of information that which is significant for decision-making process; and
- in order to gain information which is in a manageable form.

Indicators are not isolated phenomena. They refer to multi-faceted conditions, questions, problems and reduce these to a concrete dimension. One indicator is not usually sufficient to describe a status quo or to evaluate a change ("better" or "worse" than before). For various selected impact areas you need an understandable set of possible quantitative and qualitative indicators. The procedure still being practised in many projects of working out indicators under time pressure on the last day of a planning workshop leads to less differentiated and inadequate indicators.

<sup>5</sup> Schaefer B., University of Hohenheim "Baseline Erhebung/Wirkungsbeobachtung PADER-NORD" Presentation: 27 August 1998

### **Demands on Indicators<sup>6</sup>**

Indicators which are objectively assessable, i.e., different people reach the same conclusions if they follow the rules of measurement and make statements on

- Quantity: To what extent should something change? How much?
- Quality: What is to change? In what way? How good?
- Timeframe: (By) When is something to change?
- Target group: Who is to experience change?
- Place/Region: Where is something to change?

Indicators should satisfy the following requirements:

- Significant:** The indicator records a central, meaningful aspect of the intended change
- Plausible:** The change measured by the indicator is connected to the project activities
- Independent:** The change is measured independently of the means deployed, i.e., the indicator does not describe what was done to initiate the change
- Assessable:** The facts required for assessment/measurement can be gathered
- Reasonable:** It is reasonable to require that the stakeholders/target groups collect data
- Enforceable:** It is possible for data regarding the indicators to be gathered with the available funds. The stakeholders are ready and able to do work involved in collecting the data
- Realistic:** The indicator should describe the actual conditions which are perhaps attainable with a high degree of probability

### **1.4.2 Different kinds of indicators**

There are different kinds of indicators: Direct indicators are directly linked to the situation or the change that is to be "measured". Proxy indicators have a more indirect link to the situation or the change that is to be measured, but provide information on it. They can be of a

quantitative and qualitative nature. Measured indicators contain quantitative information based on a precise measurement. Experience indicators contain qualitative and semi-quantitative information which is based on experience, observations and people's attitudes. The following table provides examples of different kinds of indicators for assess-

<sup>6</sup> Following: GTZ, Stabsstelle 04, "Zielorientierte Projekt Planung – ZOPP. Eine Orientierung fuer die Planung bei neuen und laufenden Projekten und Programmen", 1997.

ing income and employment impacts. tiated.  
Direct and proxy indicators are differen-

Direct Indicators and Proxy Indicators		
Impact Area	Direct Indicators	Proxy Indicators
Change in Income On the level of target groups	<ul style="list-style-type: none"> <li>Income (monetary, material goods)</li> <li>Assets</li> <li>Diversification of sources of income</li> </ul>	<ul style="list-style-type: none"> <li>Expenditure structure (increase in the share for diet, for training, esp. of children)</li> <li>Working time, time budget</li> <li>Socio-economic conditions</li> <li>Quality of homes (e.g., electricity, water connection, telephone connection, sanitary facilities)</li> <li>Hygiene</li> <li>Health (e.g., diet)</li> <li>Access to social services (e.g., children going to school)</li> <li>Taking on risky activities</li> <li>Authority to make decisions</li> <li>Self-confidence</li> </ul>
Change in Employment On the level of enterprises and target groups	<ul style="list-style-type: none"> <li>Number of jobs</li> <li>Number of employees</li> <li>Number of working hours</li> <li>Level of salaries/income</li> <li>Contracts</li> <li>Characteristics of work (kind of occupation, demands, e.g., qualifications)</li> </ul>	<ul style="list-style-type: none"> <li>Characteristics of workers (e.g., mainly family members, qualification)</li> <li>Characteristics of jobs (e.g., security, risk of accident)</li> <li>Length of journey to work</li> <li>Time spent looking for work</li> </ul>
Change in Competitiveness On the level of enterprises	<ul style="list-style-type: none"> <li>Turnover</li> <li>Number of products sold</li> <li>Profit (gross, net)</li> <li>Statistics like, e.g., Return on Investment (ROI)</li> <li>Change in capital assets</li> <li>Change in financial resources</li> <li>Access to formal banking institutions</li> <li>Change in cost structure</li> </ul>	<ul style="list-style-type: none"> <li>Management practice, e.g., human resources policy, involving staff, accounting method, organisation</li> </ul>

#### 1.4.3 Using indicators of existing monitoring systems

Before new indicators are developed, one should assess whether functioning monitoring systems with indicators already exist among participating institutions, with the help of which you can recognise the desired changes. If such indicators are not entirely unsuitable, you can use these indicators. You can thus save costs and assume that the corresponding information can be gathered.

Nevertheless, it is possible that you will still need additional indicators in order to analyse the impact areas not observed and selected up until that point.

It is also possible that the indicators determined in the planning document no longer correspond to your present priorities or cannot be recorded or can only be recorded at great expense.

In such cases and if indicators are not available, your task is to develop adequate indicators together with the stakeholders and, above all, with users and target groups.

#### 1.4.4 Developing indicators

Unfortunately, there are no sets of indicators which are recognised the world over for assessing (poverty-related) impacts in the field of EEP. The reason is that projects differ and the stakeholders define success in different ways. Indicators that are often used in EEP projects in order to measure income and employment impacts are direct measurement indicators: the increase in income and in the number of people employed. However, as these indicators are mostly difficult to assess<sup>7</sup>, you should work out specific indicators together with those who are expecting the impacts, because it is the users and target groups who are best at describing at which point one will be able to recognise the changes. It is also important to include the readiness of those responsible to collect information.

Which indicators you develop depends, above all, on the methods you want to use to observe the changes, for example, a before-and-after comparison, a comparison with control groups or subjective estimates of changes by the target groups themselves. When develop-

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<sup>7</sup> Cf. also Step II – Difficulties in Observing Income and Employment Impacts.



ing the indicators you should also bear in mind how to evaluate them, in order to prevent later differences. Irrespective of the methods, you should first form a picture of the actual situation in the selected impact areas: for example, the situation of target group “entrepreneurs”.

### **Who are you?**

Characteristics of the enterprise: SME, subsistence small business, undertaking with growth potential, employment- or capital-intensive branch, place with functioning economic circulation and attempts to connect the formal and informal sector, business figures such as turnover, profit, capital, number of people employed, qualifications of those employed, income of those employed, full-time manpower, part-time manpower, seasonal employment, complexities of production process, of financial and accounting system, sources of credit, markets, legal situation, state of competition, state of technology, socio-demographic information about the people (age, training, sex, income, size of the family, etc.).

### **What do you do and how?**

How do you manage your undertaking? For example, how do you plan, manage, produce, sell, buy, organise?

This is the only way to define points of reference for a comparison with the desired future situation and to describe the desire changes (qualitatively and, if need be, quantitatively). That applies both at the beginning of a project, as well as if you begin with the impact monitoring in the course of a project. How (costly) you make this “recording” of the actual situation depends, above all, on your goals and the demands made on impact monitoring.<sup>8</sup>

#### **1.4.5 Central questions for developing indicators**

Central questions for discussions with the users/target groups for identifying and formulating indicators:

- How can you recognise that the change is taking place?
- Who has the information? Whom can you ask?
- Where can you get further information if needed?

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<sup>8</sup> See Step V – Clarifying Expectations of and Demands on Observation Methods.

What should one observe and measure in order to find out whether the change is taking place?

**Georgia – Qualitative Indicators for  
“Measuring” the Success of a  
Consultancy Training Course**

Graduates of the two six-month courses training agricultural “consultants” were interviewed in semi-structured group interviews. Qualitative indicators for the success of the course were answers to questions regarding their plans for the future: Have most of the graduates developed a clear idea of their future career (as consultants) and can it be represented easily, especially independently of the perspective of the project, i.e., are they willing to comment on acquisition strategies and services which one would like to provide, or estimate whether and how they can financially sustain themselves, etc.?

### **1.5 Step V: Selecting Methods of Data Collection and Collecting the Corresponding Information**

Your fifth step should be to

- clarify the expectations and requirements of the stakeholders on methods of information gathering;

- select adequate methods and instruments (if need be, to develop them);
- collect the information corresponding to your chosen procedures.

#### **1.5.1 For what purpose and when do you need methods of data collection?**

The previous steps already introduced a few methods which you require to ascertain information which has still not been collected. To carry out impact monitoring you need methods for observing changes, i.e., also for assessing and/or developing the indicators (Step IV).

#### **1.5.2 Clarifying expectations of and demands on methods of data collection**

Your choice of methods depends, on the one hand, on the goal of impact monitoring and the corresponding expectations which stakeholders have of the quality and quantity of information. On the other hand, the choice of methods is determined by the demands stakeholders make on impact monitoring, i.e., above all, how much time and how many resources are available for carrying out the impact monitoring.

You should, therefore, discuss the following criteria, among others, with the stakeholders in order to clarify expectations of and demands on methods:

**Accuracy:**

How accurate must the information be?

**Reliability:**

How reliable must the information be?

**Representativity:**

How representative must the information be?

**Aggregate level:**

What level must the information be aggregated on (family/work, association/village, etc.)

**Region:**

Which regions must be assessed? Is a region or a community sufficient?

**Frequency of impact monitoring:**

At what time intervals and how often should the be observations carried out?

**Timeframe:**

How quickly must the statistics be evaluated so that the stakeholders can be informed and corresponding decisions made?

**Resources:**

How many and which human resources are made available by whom for developing and carrying out impact monitoring?

**1.5.3 Selecting methods of data collection**

You should select the methods on the basis of expectations of the quality and the quantity of information.<sup>9</sup> In order to judge whether they can be applied with the available resources, it is helpful to assess the selected methods by asking the following questions:

**Prerequisites for implementation:**

What support from experts, facilities and databases, logistics, such as hardware and software, transport, qualifications and appointment of those responsible for applying the methods are available or can be organised?

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<sup>9</sup> The evaluation of existing M&E-systems with regard to their usefulness has already been discussed in Step IV. This naturally also applies to the methods.

### **Required investments:**

Are the demands in terms of know-how, competencies and skills, material, etc. compatible with the financial and human resources which are available for impact monitoring? Are there other projects, organisations in a similar situation with whom we can share the costs of certain surveys?

### **Full survey or partial survey:**

A full investigation involves questioning all possible people (target groups/users). Generally, one of the main advantages of a full investigation is accuracy. The disadvantages, however, are the high costs and the time factor. A full investigation, therefore, should only be carried out if the number of units questioned is relatively small.

If only a certain percentage of the total number of people are questioned, this is called a partial investigation. The higher the demands in terms of accuracy and representativity on the data, the higher, in general, the time involved and the costs. In order to achieve the lowest possible tolerance of error

- the selected persons must be representative for the entire group with respect to the characteristics investigated;

- the sample must be correspondingly large; and
- certain selection procedures must be applied (e.g., random selection procedure, quota selection procedure, concentration selection procedure).

### **Before-and-after comparison:**

One procedure for observing programme impacts is the comparison with and without intervention. A project group and a homogeneous control group are compared. However, comparisons with a control group are costly and time-consuming and are connected with many difficulties regarding the selection and choosing of participants.

An additional procedure, which can also be combined with the first, is the temporal before-and-after comparison. The situation before and after the project intervention is compared in this case.

The following experience from Tanzania provides an example of the fact that the quality of information, on which high demands regarding accuracy and reliability are made, often bear no relationship to the large amount of time invested and the high costs.

**Tanzania – Small Business  
Promotion Project  
Study – Impact Analysis**

An international consultant carried out a comparison with and without intervention as well as a before-and-after comparison. In two investigations (carried out with an interval of one year) the income and the business diversity of 224 members of self-help organisations (SHOs) supported by the GTZ project and 112 entrepreneurs (control group), who were not supported, were compared with one another and with the previous year. A 45-minute interview was carried out by local experts trained especially for the investigation. The interviews lasted a total of 225 hours. The results were evaluated using the usual statistical methods.

The consultant came to a conclusion that the results of the investigation were doubtful. It is improbable that results gained by recording income in a 45-minute interview are within the 20% margin of reality. In addition, the following possible biases exist:

- Entrepreneurs with higher income may be drawn to the project. Therefore, it is difficult to attribute the higher income of these entrepreneurs to the project intervention.
- The entrepreneurs who are co-operating with the project could be more honest and could have stated that their income was lower than the control groups.

#### 1.5.4 Qualitative, quantitative and semi-quantitative methods

Using qualitative methods (e.g., PRA-instruments, focus groups, client surveys), you can, in a short space of time, question a few people in order to assess the various dimensions of a problem from various angles and better to understand the problem. You can thus assess people's subjective matters, attitudes, observations, behaviour, motives, changes in behaviour and priorities.

Using quantitative methods or semi-quantitative methods (e.g., standardised interviews/questionnaires), you can question a large number of people in order to investigate the "objective" facts which various people experience in the same way, when you require "hard" numerical statistics and statistically representative statements need to be made.

Using semi-quantitative methods, qualitative information is made quantitative through categorising or classifying possibilities.

The following serves as an example:

<p align="center"><b>TANZANIA SMALL BUSINESS PROMOTION ( 2nd Phase)</b>  <b>Analysis of Customer Satisfaction</b></p> <p>Project staff of the project-internal Quality Management Team investigate how satisfied the members are with their SHOs three months after the SHOs have received support through the project. The members of the SH group are asked to state their satisfaction with their organisation by anonymously assessing and discussing the following criteria.</p>			
	Satisfaction with co-operation among the members	Satisfaction with the management of the organisation	Satisfaction with the services of the organisation
😊			
😐			
😞			

**1.5.5 Written and oral interviews – observations**

Quantitative and qualitative information can be ascertained through consulting and observing the user and target groups. The survey is probably the important instrument for collecting information in impact monitoring.

A written survey has a series of advantages, such as the possibilities of a cost-effective, quick and also large survey. However, the disadvantage of this method of data collection is a possible

low answer rate and representativity if the questionnaire is controlled by the post or the media (e.g., newsletter) or the questionnaire is not filled in personally (e.g., by advisors or trainers).

A written survey is the method which is applied at different times in most EEP projects that have systematic monitoring: mostly before services are used, directly afterwards and 6–12 months later. To what extent and how this information is analysed and used for controlling the project varies greatly from project to project and is only partly known.

The aim of the following example is to show how cost-effective and quickly information which is important for the project management can be acquired concerning changes:

**Written Survey  
Chamber Partnership Project in  
Brazil**

The first survey with open questions was carried out in 1993. This was possible technically and workwise in a target group of about 200 SMEs and 150 answered questionnaires. The answers were partly highly astonishing and gave deep insights into the thinking of the SMEs.

The second survey was carried out in 1996 in 1,100 SMEs according to the model described below – open questions could no longer have been processed. 400 questionnaires were returned. The quota of returned questionnaires was not higher because it was only partly possible to make the business consultants in the associations understand to what use such data would be put. The answers differed astonishingly, depending on the association, branch, undertaking and question and were unexpectedly self-critical (average marks "before": 2.8 = medium / "after": 3.8 = good). There are also indications that the participating SMEs have begun to recognise that the "improvement" in their condition is not only due to business-external factors (credits, interest, taxes, etc.), but that it begins with measures taken within the undertaking which they themselves are responsible for.



## Extract: Questionnaire

Please analyse the changes which have taken place in your enterprise since you have been co-operating in the branch group:

How have the following aspects improved (or worsened) in your enterprise compared to your expectations and other enterprises in the same branch?

Please fill in the following table:

		Evaluation (please cross the applicable answer)					
Aspect		bad	medium	excellent		Remarks/Observation	
Management and Administration	before	1	2	3	4	5	
	today	1	2	3	4	5	
Financing and Cost Calculation	before	1	2	3	4	5	
	today	1	2	3	4	5	
Supply of Pre-products and Raw Materials	before	1	2	3	4	5	
	today	1	2	3	4	5	
Equipment, Installations and Layout	before	1	1	3	4	5	
	today	1	2	3	4	5	
Technological Level	before	1	2	3	4	5	
	today	1	2	3	4	5	
Organisation and Efficiency of Production	before	1	2	3	4	5	
	today	1	2	3	4	5	
Quality of Products	before	1	2	3	4	5	
	today	1	2	3	4	5	
Sales Strategy and Quality of Marketing	before	1	2	3	4	5	
	today	1	2	3	4	5	
Human Resources and Staff Training	before	1	2	3	4	5	
	today	1	2	3	4	5	
General Assessment of the Undertaking	before	1	2	3	4	5	
	today	1	2	3	4	5	
What have been the most significant changes?							

The advantage of the oral questionnaire or of an interview is the quality, i.e., in this case the reliability of information collected. In addition, the questions (as, e.g., use in a PRA) can thus be adapted particularly well to those being interviewed and in principle anyone can be interviewed. A disadvantage of oral questionnaires can be the time factor (it takes a lot of time) and, thus, the small number. The amount of time required depends on the length of the interview and the number of interviews. You can, for example, considerably reduce the length of time required by interviewing groups.

For this purpose, you can establish special groups (focus groups), or a panel of the users, who regularly meet and are interviewed during a moderated discussion. However, it is nevertheless possible that sensitive information, for example regarding the development of personal income, cannot be recorded in group discussions due to the lack of anonymity. On the other hand, you can use existing groups for the interview, as the following example from Laos shows.

#### Laos – An “Action Learning Group”

In Laos the participants of an “Action Learning Group”, whose focus was staff motivation, were asked after a few meetings whether they were now doing anything different from before joining the group. The participants mentioned 20 specific changes which they had introduced in their undertakings due to having participated in an “Action Learning Group” (using project service). Among others these were: introducing a bonus system, introducing regular staff meetings, praising staff, delegating responsibility, improving working conditions, introducing teamwork, introducing a welfare system and improving relationships with the workers. This information on the observed changes then formed the starting points for formulating corresponding indicators.

The following table<sup>10</sup> indicates tendencies in choosing between written and oral interviews:

Criteria for Choosing Between Written and Oral Interviews		
Criteria	Written Interview	Oral Interview
Return Quota	varied	high
Influence by a Third Party	possible	hardly possible
Length of the Interview	medium	long
Influence of Interviewer	low (if questionnaires are filled in by the interviewee)	high
Accuracy of Information	rather low	high
Reliability	varied	high
Speed of Implementation	relatively low	low
Costs	low	high
Representativity	relatively low	relatively high

Observation is defined as the planned, direct investigation of facts and behaviour, based on questions and answers.

The object of observation are generally qualitative facts like, for example, characteristics and behaviour of persons. For example, the distribution of power in a group or the self-confidence of individual participants can be recorded through the participatory observation of these groups in meetings. One indicator which can be assessed in this way is the "frequency of requests to speak". Participatory observation is, for example, used during PRAs.

The possibilities of utilising the observations are usually limited, as often not all relevant (particularly no subjective) matters can be recorded. In comparison to other qualitative methods, standardisation is in most cases particularly difficult. The costs are dependent on the number and length of the observations made and, in general, are relatively high.

<sup>10</sup> Marketing "Kompendium der praktischen Betriebswirtschaft – Marketing", Herausgeber Klaus Olfert, Kiehl Verlag, 1985.

However, observations is normally also made in combination with discussions and interviews. During visits to undertakings, the layout of the workshop, for example, or the number of clients entering during a visit is observed. This information can lead on to further questions.

Photo monitoring (cf. also Glossary) enables the initial situation, important individual events and changes to be documented.

#### Observation

##### Small Business Promotion in Mali

In Mali, a local advisor, who advises craftsmen, observes whether they have introduced an accounting system or use a cash book. This observation enables him to assess whether the craftsmen are applying what they have learnt in the accountancy course (benefit).

#### 1.5.6 Central questions for collecting information

The various methods of data collection provide you with information which tells you whether and which changes have been initiated in the selected impact areas. The information should, among

other things, provide answers to the following questions<sup>11</sup>:

- Do the target groups know which services we offer?
- Are quantity and quality adequate from the target groups' point of view?
- To what extent do the target groups use the services on offer?
- Who uses which services, in what way, when and how often?
- Does "use" in concrete cases mean knowing about, accepting, recommending to others, imitating, adapting to one's own conditions, making it a habit?
- Who does not use which services as foreseen?
- How do the target groups assess quality?
- How ready are the target groups to perform and contribute themselves?
- Are there also unforeseen reactions to the services on offer?
- What has changed from the point of view of the target groups? With whom?
- Does the expected benefit, for example, the income and employment impacts and a greater awareness or

<sup>11</sup> Following: GTZ Stabsstelle 04 "Monitoring im Projekt – Eine Orientierung fuer Vorhaben in der Technischen Zusammenarbeit", 1998.

increased ability to articulate wishes (empowerment) occur in the target groups?

- How do the target groups assess their benefit? Do the target groups see a connection between changes and using the services?
- Are there other, more far-reaching changes? Do the expected, more far-reaching impacts occur from the point of view of the target group?

#### **1.5.7 Developing one's own methods and instruments**

On the basis of the stakeholders' expectations with regard to quality and quantity of information and their demands on impact monitoring, you should then work out your mixture of methods and instruments together with the rest of the stakeholders. You can and should also develop your own methods and instruments, corresponding to the specific requirements of your project.

The following example shows one such possible mixture:

#### Mixture of Monitoring Instruments

##### Experience of a Handicraft Chamber Partnership Project in Brazil

Monitoring instruments are, among others:

- Statistical data: quarterly collection of data from the associations, which need these for their own planning and development (e.g., development in the number of members, number of branch-oriented SME working groups), training activities, activities of work groups, etc.

Problem: The associations are not generally used to thinking in terms of figures and graphs. Thus, there is a danger that "bad" figures cannot be perceived as indicators for problems arising.

- The permanent question: "What has changed?" – Preparations for this question, which is unusual in the cultural context, induces reflections, discussions and, therefore, changes.
- At three-yearly intervals: the collection of opinions of the SMEs regarding the changes in the associations, among the SMEs and in the SME.

The rejection of so-called objective facts (turnover, yields, investments, etc.) by SMEs and the emphasis on subjective estimates by the SMEs is carried out consciously and in a targeted manner:

- Even if objective data on the undertaking was not available, these remain practically irrelevant in the context of the project if the SMEs have subjectively different perceptions (Example: the income of the undertaking increases in real terms due to the higher nominal price level; it does not, however, perceive it).
- The question of subjective estimates by the SME amounts to obtaining indicators on whether the SME believes its undertaking as well as the environment is increasingly changeable and maleable. At the same time, active discussion of the questions leads to reflections on the realised changes, new evaluations, as well as the possibility of ascertaining further available deficits and perhaps initiating additional changes.

Carrying out surveys to gather information is orientated around the previously reached decisions which, for example, also include whether external help will be called upon for the individual steps or not.

### **1.6 Step VI: Evaluating Information and Feedback**

The sixth step should involve you

- agreeing on when and how you are to analyse and evaluate the information collected; as well as
- when and how you will introduce any necessary corrections, i.e., also change project planning and implementation.

(Re-)orientating project planning and the implementation towards impacts should be the objective of impact monitoring, and, thus, initiating corrections is also the most important step in impact monitoring. All the previous steps are carried out in order to enable this last step, and only this step justifies its costs and efforts.

#### **1.6.1 Evaluating information**

You should have the results of the survey evaluated as soon and as continuously as possible so that you can initiate the necessary changes as soon as possible.

The aim in analysing the information is to determine

- whether your impact hypotheses have proved to be true,
- whether and to what extent the desired and undesired impacts have occurred or what the trend is,
- why certain impacts were achieved or not achieved,
- what must be done in order to achieve the desired impacts.

The agreed targets, indicators and survey methods determine the type of analysis carried out on information. It would not be sensible to go into all the different aspects of information analysis.



The analysis of quantitative data above all requires that those responsible have the statistical know-how and the relevant hardware and software. Statistical methods of estimation are generally used to analyse quantitative data, such as for example, descriptive statistics, multi-variation recourse analysis, two-/three-level methods of estimation. Selection distortions, endogeneity, correlations and qualitative characteristics are taken into consideration.

Impact analyses based on these methods of analysis provide approaches to

- estimating the causality of different influencing factors through parametrical estimation;
- making statements on the significance of influencing factors in general, but also specific when classifying in clients (sub-)groups (differences).

Semi-quantitative analyses are suitable for analysing qualitative information, in that qualitative information is categorised and then assessed through classification according to a scale.

The categories should be created together with the stakeholders (e.g., high, medium and low staff satisfaction). The categories can then be assessed according to the classification scale, e.g., 1=very satisfying, 2=satisfying, 3=insufficient, 4=very insufficient.

Categorisation and classification according to a scale enables

- the values to be compared and be used for calculations;
- the information to be weighted (which is sometimes envisaged when creating indicators);
- average values, minimals and maximums, arithmetic means and standard deviations to be calculated;
- the information to be worked up as graphics and, e.g., transformed into percentages, etc.

### 1.6.2 Involving stakeholders

The stakeholders should be involved in the analysis and evaluation of information. On the one hand, the involving them guarantees that the stakeholders are put in a position to analyse and assess the information themselves (at the end of the project too). On the other hand, discussing the results may possibly lead to solutions to problems being suggested.

A prerequisite for involving stakeholders is that they are informed about the results of the observation and evaluation. If you have not already identified the various information requirements of stakeholders during the first step, you should agree with them as to which information they are to receive in which form. The following questions should be answered or discussed:

- What information do you need?
- What do you use the information for?

- Which methods should be used to disseminate/present the information?
- What is the language of communication?
- Do we know enough about why important changes were achieved or not achieved or why the undesired impacts occurred?
- Which corresponding aspects should be more thoroughly assessed?
- How can we transfer the positive experiences to other activities?
- Which activities should be undertaken in order to obtain the desired impact?

**Methods/Instruments for  
Dissemination:**

Provide visual forms of the results of impact monitoring, e.g., tables, graphs and other charts. Various instruments are available for disseminating information: reports, executive summaries, newsletters, videos, photos, workshops, posters, theatre, etc.

Providing visual forms minimises the risk of stakeholders not being able to see the wood for the trees due to too much information and too many statistics being available.

Motivate others by having regular meetings to present and discuss the progress of changes.

**1.6.3 Feedback**

Discussion of the results of evaluations with the stakeholders can take place as part of specially organised workshops or in the existing committees where the stakeholders regularly meet, for example, in a project steering committee. Among others, the following questions should be discussed:

## 2. IMPLEMENTING AND CARRYING OUT IMPACT MONITORING – TWO CASE STUDIES

### 2.1 El Salvador – Participatory Development of Impact Monitoring

Within the framework of a Small Enterprise Promotion project, 20 SME service providers were supported in El Salvador by an Argentinian consultant in developing an impact monitoring system for their organisations, which

- permits them to continuously observe the impacts and also the quality of the CEFE<sup>12</sup> training courses;
- indicates whether and when “course corrections” are necessary;
- predicts how this information is incorporated into the additional planning and enforcement of the CEFE activities.

In the following we have tried to classify the steps which have been undertaken since October 1997 according to the methodical steps for structuring and implementing impact monitoring.

#### Step 1: Agreeing on the goals of impact monitoring

In order to identify the various stakeholders' different interests in and expectations of an impact monitoring system, the users of services (entrepreneurs and other potential participants in CEFE courses), trainers, CEFE advisors, training organisations, as well as additional service providers in the area of business training were visited and interviewed.

The EMPRENDE project team and an expert carried out semi-structured interviews based on these guidelines in order to generate information in the following areas:

- Introduction of the interviewee(s).
- Characteristics of his/their organisation (branch, market, priority advisory requirements).
- Role and function of the interviewee in the organisation or the undertaking.
- Relationship with the project's CEFE training programme.
- Expectations of an impact monitoring system.
- Exploring possible alternatives for establishing an impact monitoring system and its prospects of success.

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<sup>12</sup> CEFE = Competency-Based Economies through Formation of Entrepreneurs

### **Step II: Identifying impact areas**

A workshop was held together with the stakeholders, in which they identified and agreed on the most important impact areas that were to be observed:

- The level of enterprises: competitiveness, accounting, marketing, production and human resources.
- The level of SME organisations: training services.

### **Step III: Formulating impact hypotheses**

In the above-mentioned workshop, the participants discussed the question "What result are we expecting from CEFE?" i.e., they made assumptions regarding which changes in the undertaking are to be expected through using the project service "participation in the respective CEFE course". Thus the stakeholders identified the following possible variables of change in the six selected impact areas.

List of 6 Impact Areas and 56 Variables<sup>13</sup>

Impact Area	Variables	
Micro Level : Enterprises		
Competitiveness	Integration of Methods and Techniques Income Profits Role of Management Investments in Further Training Work Planning	Achieving Targets Positioning of Price Requirements regarding Further Training Vision of Environment Investments Access to Finances and Financial Volumes
Accounts	Accounting	Controlling Capacity
Marketing	Turnover Expansion through Diversification Positioning of Brand Client-Orientation	Number of Clients Sales Market Price
Production	Productivity Time Management Costs Diversification Production Methods	Quality Innovation during Production Process Efficiency Organisation of Production Organisation of Workshop
Human Resources	Productivity Sense of Duty/Fulfilment of Tasks	Number of Jobs Technical Knowledge
Meso Level: SME Organisations		
Training courses	Application of Techniques Understanding the Content Users Participating in Training/Further Training Courses Planning/Implementation Advisory Services Demand (Modalities, Topics and Quantity) Satisfaction of Expectations (Type and Level) Trainers' Skill in CEFE (Pedagogical, Knowledge, Security) Acceptance and Effectiveness of CEFE Methods Relationships and Exchange between SMEs	Network for Support/Negotiation Number of Participants Costs and Services Profitability Logistics Promotion Strategy Development of Ability to be Self-Critical Number of Realised Activities Prices

<sup>13</sup> This list is the result of a moderated discussion and agreement process. We have, therefore, not edited the list, even if the selected variables for external people are partly logically difficult or not understandable.

The next step was to prepare and hold a second workshop "M&E System – CEFE Training" with the stakeholders. More than 30 people took part in the workshop. Twenty people alone were small(est) entrepreneurs, the rest were staff of service providers (NGOs, cham-

bers, etc.) and project staff. Part of this involved the stakeholders selecting the most significant variables that were to be observed and prioritising them. The selected priorities represented at least 75% of the consensus of participants.

Example: Impact Area "Marketing"	
Selected Variables	Priority Variable
1. Turnover 2. Sales 3. Positioning of Brand 4. Presentation of Products 5. Market Prices 6. Number of Clients 7. Client Service and Orientation	1. Turnover

**Step IV: Developing indicators**

Following the end of the workshop, indicators were worked out in working groups comprising users/participants of the CEFE course, representatives of the service providers and project staff. One should be able to recognise when looking at the indicators whether the selected variables, for example turnover, are changing.

In order to assess quantitative variables like turnover and costs, indicators were agreed upon with concrete percentages or income statements if those responsi-

ble were prepared to collect this information. In other cases, for example, to assess changes in qualitative variables such as human resources management, the corresponding categories were created, as shown in the following example.

Variable	Indicator	Category
Human Resources Management	Implementing suggestions made by staff to increase productivity	"almost never" "sometimes" "often"

#### Step V: Selecting methods of data collection and collecting the corresponding information

mixed working groups to observe the indicators, which had to be filled in at the various points in time (potential, ex-) participants, trainers and/or by advisors.

On the basis of variables of change and indicators that were worked out, the following questionnaire was prepared in

Form	To be filled in by
Registration Form (before registering for a course)	Advisors during a visit to the undertaking
Registration Form (at the beginning of the course)	Entrepreneurs
Form for final evaluation of module X	Entrepreneurs
Form for follow-up 6 months after the end of the course	Entrepreneurs

#### Step VI: Evaluating information and feedback

The results are subsequently discussed and evaluated with the entrepreneurs during a meeting or workshop, in order to identify approaches for improving the services to be provided.<sup>14</sup>

The data provided by the questionnaire are recorded in EXCEL 5 or similar software by one of those responsible in the SME organisation. The program is used to assess the data with respect to the changes in the indicators (before-and-after comparison) and the direction of the impact.

<sup>14</sup> As the Impact Monitoring System in El Salvador was still only at the introduction stage at the time of going to press of these Guidelines, we cannot unfortunately document whether it will function or not, what its results were nor what it has achieved. If you would like to know more about it, please contact the project: E-mail: [emprنده@es.com.sv](mailto:emprنده@es.com.sv)



The results of the evaluations are discussed within the SME organisation to seek ways as to how the quality of their services can be oriented more strongly towards demand and thus improved.

## **2.2 Guatemala – Establishing a quality circle**

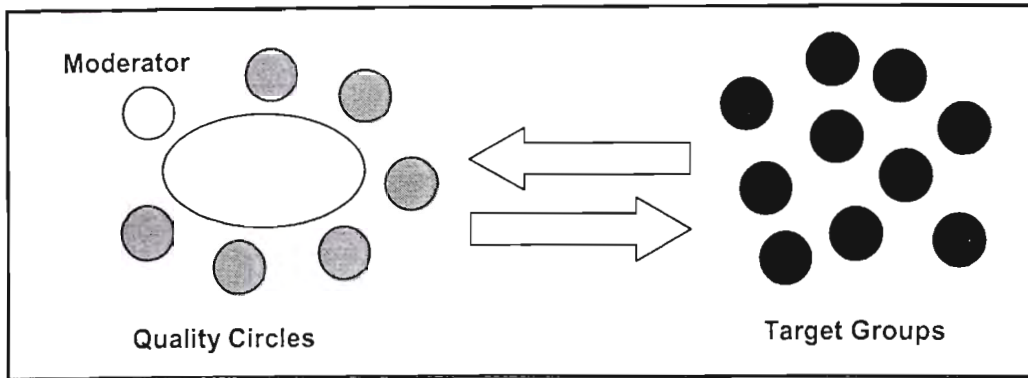
The initial situation for developing impact monitoring in an urban and regional development programme was the following recommendation by a Project Progress Review (PPR): "(...) not only to monitor the activities and results, but also to observe which impacts can be achieved with it among users and/or target groups." The development and implementation of impact monitoring was subsequently agreed by the stakeholders as a planned activity.

In the following, we have attempted to describe the procedure according to Steps I–VI to establish and implement impact monitoring.

### **Step I: Agreeing on the goals of impact monitoring**

Discussions in the project team concerning the targets and demands of an impact monitoring system revealed that impact monitoring should

- make information on the changes initiated available as soon as possible and enable corresponding corrections/re-orientation in planning and implementation of project activities;
- be easy to administer;
- take little time to carry out;
- be developed and carried out in a participatory manner;
- be self-critical and, therefore, not only carried out internally.



The project team decided to set up quality circles, as they are a suitable method for participatory implementation and carrying out of impact monitoring and are still justified given the above-mentioned targets.

A local project team leader was entrusted with the task of introducing the concept of quality circles in the existing working groups. She supports the groups in establishing and carrying out impact monitoring, above all, by means

of moderation and documenting the process.

The existing working groups comprise the most important participants involved in the topic; they meet regularly. The quality circles work on specific topics corresponding to sub-aspects or – projects of the programme. The following example should make this clear:

Quality Circle	Topics	Participants
Natural Resources	Forest Administration Plans Regional Environment Advisors	Ministry of Agriculture (counterpart), main advisors (RRNN), local advisor, national forest institute, university (Environmental Protection Department), external moderation

### Step II: Identifying impact areas

In the quality circles the stakeholders agreed on impact areas which had to

be observed first of all (bearing in mind the project's goals). Thus they agree, for example, on the following impact areas

on the level of rural population (users of the services):

- Benefit the new roads: Will the re-opening of the San Isidro country road be of anything benefit to the rural population? If so, how? If not, why not?
- Suitability of the maintenance methods: Is the introduced road maintenance method suitable for the rural population?

### Step III: Formulating impact hypotheses

The participants of the quality circles formulated key questions which were to be answered by observing changes or in dialogue with the target groups/users.

These central questions are based on the different assumptions or impact hypotheses concerning the changes which could be initiated by constructing the

#### Impact Area and Key Questions "Re-opening of the San Isidro Country Road"

##### Impact Areas:

- Benefit of the new road
- Suitability of the maintenance method for the village dwellers

##### Key Questions, amongst others, were:

1. Was income increased by re-opening the road?
2. What consequences did the men leaving have on the families?
3. How have the women been involved?
4. Did it involve additional work for the women?
5. Why did the people participate?
6. Who really profited?
7. Was the population strengthened in terms of how it organises itself?
8. What benefits do men see and what benefits do women see in the project?

road. Thus, for example, by constructing the road:

- The target group's income increases, because it has better access to the markets;
- More men leave the area, because it is easier to;

- More work is created for women than was previously available;
- Only certain people have profited, etc.

#### Step IV: Developing indicators

No indicators were consciously determined prior to consultation with the target groups. The first step in developing indicators was to clarify with the target groups how they define these changes and the benefit they have due to the project activities.

Based on the discussions with the target groups, the key questions were com-

pleted and differentiated. The following indicators in the social, ecological and economic areas were developed, allowing statements to be made on whether the road is of benefit to the rural population and whether the maintenance methods are appropriate. These are not necessarily objectively verifiable indicators which at the same time say something about quantity and timeframe and allow an exact target-performance comparison to be carried out.

Impact Indicators – “Re-opening of the San Isidro Country Road”	
<b>Society</b>	<ul style="list-style-type: none"> <li>• A regular road already exists for transporting passengers from the village administration to the nearest market town.</li> <li>• Maintaining the road is a continuous activity, which the committee “For Improvement” is responsible for.</li> <li>• The expenditure in terms of time and resources for the population are compensated by their benefit (cost/benefit relationship)</li> </ul>
<b>Ecology</b>	<ul style="list-style-type: none"> <li>• Increase in amount of wood cut (undesirable).</li> </ul>
<b>Economy</b>	<ul style="list-style-type: none"> <li>• Increase in production of apples, exceeding own requirements.</li> <li>• Increase in the number of farmers who expand their cultivation beyond the subsistence level.</li> <li>• In the past eight months, two new businesses have been established in the village, improving supplies of consumer goods.</li> </ul>

#### Step V: Selecting methods of data collection and collecting corresponding information

The quality circles discuss and agree on

- which methods are used to observe the changes;
- who observes them;
- how often they are observed (frequency of observation).

Experience has shown that the observation results of project staff are often not critical enough. The quality circles, therefore, often agree to employ local consultants to carry out the observation. If feedback from the observation is critical, the frequency of observation, for example, is increased or the quality circle decides to carry out more intensive analyses of the critical topic.

**Step VI: Evaluating information and feedback**

The observations are discussed with the users/target groups, analysed and also evaluated by them. The results are documented in forms.

Form "Relevant Results"					
This form documents the indicators as well as the results of observation, a before-and-after comparison of the situation from the point of view of users, including their assessment of impacts.					
Impact indicator	Situation before	Situation since then	Opinions that support the results	Comments	Assessment of impacts

The assessment by the target groups/users can be read off immediately at a single glance in the last column, where it is documented using the symbols +, +- or - (where applicable gender-specific).

The process from introducing the quality circles up to the discussion of the initial observation results has in the various groups taken varying amounts of time (on average 1-2 months).

About 1-2 weeks after the information has been collected, the results are discussed in the quality circles. The quality circle decides, on the basis of results, which necessary corrections are to be carried out or which steps are to be taken in order better to understand the subject.

Experience has shown that the feedback of observation results is the most important step in project implementation which justifies the expenses.

### 3. METHODS AND GLOSSARY

There are a multitude of methods and instruments which can be applied when introducing and carrying out impact monitoring or the six steps described. Each method and each instrument has limited efficiency. One needs a broad repertoire in order to be able to adapt to the different needs and situations. Therefore, this Glossary introduces methods and instruments which you can apply within the framework of the individual steps of impact monitoring.

When tried and tested instruments are not available or have no effect, you must adapt what is available or develop new methods together with the stakeholders. As already described in Part I, Step V, selecting the instruments of impact monitoring should also be carried out together with the stakeholders.

Many instruments presuppose that those who introduce them or want to apply them, have pertinent moderation and communication skills at their disposal.

For this reason, but also in order to guarantee an external view, external experts can be an important corrective

in order not to become blind to the shortcoming of one's own business.

In order not to go beyond the scope of these guidelines, the instruments are only described in brief, so that the following questions can be answered.

- What for? - Target/Objective
- Deployed when and where? - Application
- Where can I get more information? - Source

In addition, numerous methods and instruments regarding monitoring in general are described in the following publications: "Processmonitoring – Eine Arbeitshilfe fuer Proektmitarbeiter/-innen", "Monitoring – mit der Realität in Kontakt bleiben", "Guidelines to Impact Monitoring – Toolkit", "Methodenkompass" und "World Bank Participation Sourcebook".<sup>15</sup>

#### 3.1 Distribution of Tasks

**Target/Objective:** To check and adapt the distribution of tasks; to orient counterparts to common tasks.

**Application:** Can be carried out both together with the stakeholders, as well

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<sup>15</sup> Cf. Bibliography.

as contrastively. In the latter case, the counterparts will first of all individually evaluate the distribution of tasks and possibly make new suggestions (advantage: differences are not hastily levelled, later leading to conflicts).

**Procedure:**

1. Description of the overall task (How can it be classified into sub-tasks?).
2. Critical analysis of tasks (How were the sub-tasks solved in the past? Result? What were the critical or limiting factors? What minimal demands are there?)
3. Distribution of tasks (Who can, who wants to do what? What support do they need?)

**Source:** GTZ, Department 402, "Prozessmonitoring – Eine Arbeitshilfe fuer Projektmitarbeiter/-innen", 1993.

### 3.2 Benchmarking

**Target/Objective:** To improve the quality of results and of the output process by systematically comparing it with another excellent (comparable) project.

**Application:** Benchmarking seeks to carry out a relative comparison of quality.

**Procedure:**

1. Forming of a benchmarking team in one's own project to determine which aspects and parameters are to be compared.
2. Identification of a corresponding project. Visits to counterparts. Expanding the team to include representatives of the counterpart project.
3. Selection of suitable parameters for comparison (indicators, figures, process) which then serve as a benchmark for one's own project.
4. Preparation of a Benchmarking Report as a basis for monitoring.

**Source:** "Monitoring – mit der Realität in Kontakt bleiben", DEZA, Bern 1997.

#### 3.2.1 Beneficiary Assessment (BA)

**Target/Objective:** To record observations and behaviour of the beneficiaries, target groups and stakeholders.

**Application:** BA is a qualitative investigation and evaluation method which mainly works with three instruments:

- Extensive open interviews or discussions on key topics;
- Focus group discussions;
- Direct observation and participatory observation.

The interviews and observations can be carried out with individuals or groups in rural or urban areas. Focus groups are generally used to interview beneficiaries and in order to understand an organisation.

Normally, BAs are carried out by local people who are coached by an experienced team leader or sociologist. In most cases an experienced moderator is required for focus groups and observers of participants.

**Procedure:**

1. Introduction: Identification and discussion of problem areas on the basis of the available information. Preparation of guidelines on semi-structured interviews.
2. Conception of the investigation: Determining the target groups to be interviewed, of topics to be investigated and of the investigation team.
3. Selection and orientation of the local interviewer. The interviewers are trained in the accurate writing and description, observation and separation of prejudices, notes and data analysis.
4. Carrying out the investigation: Focus group discussions, observation of participants and analysis of the organisation.

Preparation of BA report and recommendations.

**Source:** "World Bank Participation Sourcebook", Environmental Department Papers, 1995.

### 3.2.2 Stakeholder Analysis

**Target/Objective:** To identify the interests of stakeholders and the manner in which they influence the project.

**Application:** The stakeholder analysis should always be carried out at the beginning of a project and when the planning is revised.

Stakeholders are all the people, groups and organisations with an interest in the project. Key stakeholders are those who significantly influence the success of the project. The analysis helps to record the organisational environment in order to identify the interests and relationships (also possible conflicts) between the stakeholders and their suitable co-operation.

**Procedure:**

1. Prepare a table with the stakeholders.
2. Assess the significance of individual stakeholders for the success of the



project, as well as of their relative power and of their influence.

3. Identify risks and assumptions which influence the project conception and success.

**Source:** "Guidance Note on how to do Stakeholder Analysis of Aid Projects and Programmes",

<http://www.oneworld.org/eufiric/gb/stake1.1.htm>

### 3.3 Clarify Forms of Relationships

**Target/Objective:** To improve co-operation between stakeholders in networks.

**Application:** Making a confusing network of interactions between organisations visible by recording interrelationships and forms of relationship.

**Procedure:**

1. The network of relationships: Workshop in which the most important participants graphically present their relationship (Between whom do relationships exist? What do the relationships consist of? What do they exchange?).
2. Identification of the most important type of relationships, for example, service, market, legal, information,

inter-personal and power relationships.

3. More detailed look at relationships (if necessary). Matrix, for example, between A and B, who provide services for each other on a reciprocal basis. Discussion. Conflicts become visible.

**Source:** "Monitoring – mit der Realität in Kontakt bleiben", DEZA, Bern, 1997.

#### 3.3.1 Village Resources/Map Of Infrastructure

(Cf. Participatory Rural Appraisal)

#### 3.3.2 Focus Group

**Target/Objective:** To record qualitative information and developments, for example, observations, attitudes and feelings of target groups and/or users.

**Application:** Making the observations and attitudes of target groups/users visible, as well as their changes through moderated group discussions, each lasting about 2–4 hours, over a longer period of time (a few months up to years) as well as participatory observation.

**Procedure:**

1. Determination of the information required (What do we want to know? What do we want to know something about?).
2. Identification of about 4–12 participants (target groups, users) who are prepared to discuss prescribed topics in a group, as well as a moderator.
3. Preparation of the moderation, working out guidelines for a semi-structured discussion.
4. Carrying out the moderated group discussions.

**3.4 Photo Monitoring**

**Target/Objective:** To document the initial situation, important individual events and of changes; information gathering using visual aids.

**Application:** The photographer works with photo checklists, a script and suitable photographic equipment. He/she needs basic knowledge of photography and must be able to operate reflex cameras.

In order to carry out photo monitoring, a decision needs to be made about what is to be (periodically) photographed, where monitoring is to be carried out, who is to

take the photos, how the photo monitoring is to be carried out, when the photos are to be taken, how to evaluate and archive the photos.

Each picture can be interpreted on different levels: on a visible (perceptible) level, an unseen (seeking interconnections, forming questions) and contextual level (interpret, compare with additional information and experience).

**Source:** "Fotografie in der Projektarbeit", DEH, Bern 1991.

A more simple form of photo monitoring can also, for example, be carried out by management advisors who do not have that much experience in this field. Using simple cameras with an automatic flash release, equipment and layout, for example, of a small undertaking can be photographed at the beginning of an advisory service. During a later visit, an additional photo is taken. This before-and-after comparison provides the starting point for more intensive discussions with the proprietor(s) on the possible changes within the timeframe (experience from a project).

**3.4.1 Questionnaire**

(Cf. structured interviews)

### 3.4.2 Semi-Structured Interviews

(Cf. Participatory Rural Appraisal)

### 3.4.3 Seasonal Calendar

(Cf. Participatory Rural Appraisal)

## 3.5 Interviewing Clients

(Cf. Systematic Interviewing of Clients)

### 3.5.1 Analysing power and interests

**Target/Objective:** Roughly to clarify power and interests in organisational networks in view of the impairment of projects/project targets.

**Application:** Clarification of the divergence between the real targets of the participants and the nominal target of the network.

**Source:** Urban, K.: "Die Macht- und Interessenanalysen – das Beispiel Oruro Bolivien", in: Huppert, W. and Urban, K.: "Dienstleistungsorientiertes Management in der Bewässerung (inter-act)", Ergebnisdokumentation, GTZ, Department 421, Eschborn 1994.

### 3.5.2 Matrix Ranking: Process-Oriented Impact Monitoring Matrix

(Cf. Participatory Rural Appraisal)

### 3.5.3 Mobility Map and Venn Diagram

(Cf. Participatory Rural Appraisal)

## 3.6 Participatory Rural Appraisal

Participatory Rural Appraisal (PRA) is derived from Rapid Rural Appraisal (RRA) and comprises certain informal techniques and instruments which are employed in rural areas to collect and analyse information. Due to the problems and distortions which arise when information is collected by "external" participants, PRA involves local people collecting information, whereby the external participants take on the role of moderators.

**Target/Objective:** To speedily and efficiently collect information and hypotheses via observations and expectations of different (often disadvantaged) population groups in rural regions.

**Application:** Collecting, analysing and evaluating data by means of qualitative research methods.

### Basic Principles:

- Triangulation, i.e., observation from different perspectives by applying various techniques, using various

sources of information, interviewing various people.

- Participation and learning through interactive dialogue between PRA team and people. Discussion of their perceptions.
- Teamwork, i.e., PRA should be carried out by a team made up of external and local people, if possible, with different occupational and academic backgrounds, in order to include as many perceptions as possible.
- Flexibility: PRA does not make a standard scheme available.
- No unnecessary gathering of information and no inappropriate accuracy.

#### **Three Phases:**

1. Preparation (planning and organisation of field visits).
2. Field visits (gathering and partial analysis of information).
3. Analysis and evaluation phase, including writing of reports.

**Source:** World Bank Participation Sourcebook, Environmental Department Papers, June 1995, Schaefer B., University Hohenheim.

### **3.7 PRA Instruments**

#### **3.7.1 Rural Resources / Map of Infrastructure**

**Target/Objective:** To record local resources and infrastructure facilities/possibilities and their evolution.

**Application:** Repeated recording of local resources and socio-economic infrastructure facilities enables development of the social capital (on the community level) due to project intervention to be made visible. Qualitative expansion can be integrated, in which the relationships with other villages, cities, markets can additionally be recorded (flow chart) so that, for example, changes in access to inputs and to the marketing structure can be made visible.

#### **3.7.2 Semi-Structured Interviews**

**Target/Objective:** To provide a first overview of the problem areas and their influencing factors, according to their specific separation into homogenous sub-groups for formulating context-related and target group-conform impact hypotheses.

**Application:** Village visits: Meeting with the target groups in their environment (working and home environment).

The first step is to formulate hypotheses and indicators; individual interviews with key informants are carried out and/or groups are asked questions on the reality of the life of the target population in connection with project interventions.

### 3.7.3 Seasonal calendar

**Target/Objective:** To present complex connections between seasonal periods (rainy/dry season, etc.) and their interrelations and relationships.

**Application:** Quantitative (income, price development, monthly workload, etc.) and qualitative information (disease incidence, climate, etc.) is gathered in group discussions and registered in a diagram and levelled off according to monthly (local) divisions. In this way, interconnections and causalities of the individual areas can be discussed and connected. Based on these discussions, some key areas can be detected, which can be listed in the descriptive variables when formulating hypotheses.

Equally, the significance of individual areas, with respect to the expected proj-

ect impacts can already be dealt with in discussions with group members, so that this instrument can be employed as a vision of the future (potential changes due to project interventions).

### 3.7.4 Matrix Ranking: Process-Oriented Impact Monitoring Matrix (Pim-M)

**Target/Objective:** To determine key indicators for the individual impact areas.

**Application:** Building upon the results of preference-ranking, a series of influencing factors, pursuant to their significance during the clarification of the impact area, is distributed during matrix ranking (causality: too low up to very high). The repeated application of this method, enables trends and processes to be registered in a tabular evaluation of results. These are, for example, based on both the quantitative, (e.g., working capital), as well as on qualitative (e.g., training or education level) explanatory characteristics. The significance of individual indicators then provides information on the possibly missing project components, for example, if more significance is attached to the training level than to access to financial capital for increasing profitability (the project, however, does not itself offer

training/further training itself or only in co-operation with another organisation).

### **3.7.5 Mobility Map and Venn Diagram (Organisations)**

**Target/Objective:** This mixture of village map and Venn diagram clearly shows women their perceived changes and social empowerment.

**Application:** On the basis of an extended village map in connection with the environment (villages, markets, etc.) and the listing of relevant institutions/organisations, changes in the area of human and social capital, especially among women, can be registered (mobility map).

Systems of relationships (both the direction [arrow] as well as the intensity [thickness of the arrow]) can be represented in the form of flow charts and used as the basis to discuss access to resources, control and power.

### **3.7.6 Preference Ranking**

**Target/Objective:** To determine impact areas; result matrix.

**Application:** Based on the preceding discussions regarding problems areas,

causes and interrelations, estimations by group members concerning the significance of individual impact areas are made and compared with one another using a system of weighting. In the case of process-oriented impact monitoring, it is interesting to repeat the ranking after a certain period of time and to discuss the changes with the group members.

## **3.8 Problem Tree**

**Target/Objective:** To identify the relevant causes of a problem area or of visions of the future; interconnections amongst impacts and causes.

**Application:** During a brainstorming session with group members (mind maps), the causes and interconnections are attributed to a particular main problem (e.g., less profitability of income activity). The roots of the tree represent the causes and the branches the visible impacts (e.g., low income is the case of limited expenditure for school training, health care, etc.). Based on statements, the visible symptoms of the problem in impact areas can then be formulated. What would change in everyday life if profitability were higher (e.g., direct effect: increase in income; indirect effect: improved school education for children due to higher expenditures in that

area; improved water quality through constructing one's own well, i.e., improved health conditions, increase in work productivity, etc.). When formulating "conditional questions", however, one should remember to take examples from everyday life, bearing in mind the cultural context.

### 3.9 Quality Circle

**Target/Objective:** To identify and implement possibilities for improvement and solutions to problems in view of the process and attainment of the target/results.

**Application:** The members of a circle come from the same areas and meet at regular intervals. They discuss their processes and suggest improvements, which they either implement themselves or which they want to influence. Suggestions relating to the other areas are passed on to the management. The meetings are moderated. Ten members is regarded as optimal.

**Source:** Peters. T., "Reatives Chaos", Hamburg, 1998. In: "Monitoring im Projekt. Eine Orientatierung fuer Vorhaben in der TZ", GTZ Stabsstelle, 1998.

### 3.10 Participatory Impact Monitoring (Pim) On The Group Level

**Target/Objective:** To orientate self-help projects around socio-cultural impacts with focus on the target groups' subjectively desired changes. Initiation of a learning process in the target group.

**Application:** Continuous observation of impacts by self-help groups (target groups) in self-help projects.

Introduction of participatory impact monitoring in groups according to the following steps or by discussing the following questions:

- What is to be observed (expectations and fears);
- How is it to be observed?
- Who is to observe?
- How are the results to be documented?
- What was observed?
- Why these results?
- What steps are to be undertaken?

**Source:** Dorsi Germann/Eberhard Gohl "Participatory Impact Monitoring", Booklet 1. Group-based Impact Monitoring, GTZ – GATE, 1986.





### 3.11 Participatory Impact Monitoring (PIM) on the Level of NGOs

**Target/Objective:** To orientate the projects towards their socio-cultural impacts, to initiate a learning process in the NGO and the target group.

**Application:** Continuous observation of impacts by NGO and self-help groups (target group) in self-help projects.

**Procedure:**

1. Introduce NGO staff to participatory impact monitoring. They are the principal participants and moderate the PIM process in the groups. They select indicators, observe, document, analyse changes and prepare decisions.
2. Monitoring of socio-cultural impacts (especially learning processes, capacity building and behavioural changes) through common workshops (NGO and self-help groups), in which the NGO monitoring is compared with group monitoring. Key questions are discussed, such as, for example: What has changed and how? What have the people learnt? What kinds of steps must be taken? How can we improve the monitoring?

3. NGO staff analyse the results: What conclusions can we draw for our work?

**Source:** Dorsi Germann/Eberhard Gohl "Participatory Impact Monitoring", Booklet 1. Group-based Impact Monitoring, GTZ – GATE, 1986.

### 3.12 Rapid Rural Appraisal (RRA) (Cf. Participatory Rural Appraisal)

### 3.13 Clarifying Roles

**Target/Objective:** To clarify roles of the stakeholders in a project/programme/network against the background of mutual expectations.

**Application:** The role says something about how someone fulfils their tasks. The roles change during co-operation due to new expectations, changed demands and competence, etc. They are negotiable. The three key questions are:

- What do others expect of us?
- What do we expect of others?
- What do we expect of ourselves?

**Procedure:**

1. Outline expectations (matrix).
2. Discussion: What expectations do we agree with and which not? What

is absolutely necessary to fulfil our role? Can we fulfil the expectation of others?

3. **Dealing with conflict:** Concentrating on those conflicts the clarification of which is regarded as important by the stakeholders. The representatives ask themselves the following questions: How important is the relationship for us? Who represents the relationship? What agreements and arrangements regulate the relationship? What are we doing to aid the flow of information? Comparison of diverse experience and observations, clarification of relationship and/or re-organisation.

**Source:** GTZ, Department 402 "Processmonitoring – Eine Arbeitshilfe für Projektmitarbeiter/-innen", 1993.

### 3.14 Self-Evaluation

**Target/Objective:** To initiate a learning and development process which is carried out autonomously by the stakeholders (individual persons, groups/teams, organisations, projects).

**Application:** The stakeholders try to find answers to the following questions. What do I want to find out? How do I

want to go about it? Whom do I want to work with? What do I want to avoid doing?

Determination of the position; questions regarding one's individual system of values, evaluation of motives (past, present and future) and goals, resistances and fears are used positively (conflict energy) and transformed into questions and topics.

- **Classification into areas:**  
What is it all about? Target and motivation (analysis of need), relationships and co-operation, routine, working environment, time management.
- **Criteria:**  
What is important?
- **Indicators:**  
How do I record that?

**Source:** "Wegweiser zur Selbstevaluation", DEH, Bern 1995.

### 3.15 Stakeholder Analysis

(Cf. Stakeholder Analysis)

### 3.16 Structured Interviews

**Target/Objective:** To statistically record and assess reactions, as well as

changes that are less visible from the outside (attitudes, opinions, views).

**Application:** Starting point: Formulating impact hypotheses and delimiting ques-

tions which result from that, test run, control groups, methodologically clean selection of stakeholders, dispatch of questionnaires to and/or structured interviews with selected persons, groups.

#### Checklist To Avoid Mistakes When Preparing Questionnaires

Which formulated impact hypotheses is the questionnaire or the structured interview based on?

What quantitative insights are we expecting to gain from the questionnaire?

What other independent sources of information do we have to check the meaningfulness of the questionnaire?

Is the group from which the interviewees are drawn clearly delimited and statistically meaningful?

Has the control group been chosen independently of the interviewees?

Are all the questions culturally acceptable, reasonably clear and significant for the assessment of the hypotheses?

Have we tested the questions?

Have we incorporated control questions?

Does the amount of work done bear a reasonable relation to the expected output?

What sources of error does the questionnaire contain?

What statistical deviations are to be taken into consideration due to sources of error when evaluating and interpreting the questionnaire?

How are we going to evaluate the questionnaire?

Have the people who are carrying out the questionnaire been sufficiently prepared and trained?

Source: "Monitoring – mit der Realität in Kontakt bleiben", DEZA, Bern 1997.

### 3.17 Systematic Interviewing of Clients

cally record the concerns of the target groups and service users.

**Target/Objective:** To orientate services around the clients' wishes; to systemati-

**Application:** Systematic interviewing of clients is based on the following principles:

- Interview: Gathering feedback of the stakeholders, users and target groups concerning project services.
- Handling: Evaluation of the project concept and the methods on the basis of the information collected.
- Follow-up: Evaluation of the results of changes.

**Procedure:**

1. Determine information targets (What information is to be collected?). Identify the "Client Groups" to be interviewed.
2. Develop methods for data collection.
3. Present and distribute results.
4. Orientate action towards the information collected.

**Source:** "World Bank Participation Workbook"

### 3.18 Impact Hypotheses

**Target/Objective:** Impact hypotheses makes visible how the project measures can have an effect in a given environment.

**Application:** Set up an "impact monitoring" task force which plans and carries out the following steps:

1. Drafting of impact hypotheses.

2. Opening and separating out perspectives: Discussions with individual participant groups on the topic; discussion model: provisional impact hypotheses.
3. "Impact Monitoring" workshop: Discussion of impact hypotheses, weighting and selection of the most important fields of observation, determination of indicators and sources of information.
4. Report: Results of the workshop, concept for impact monitoring with an information plan.

**Source:** "Monitoring – mit der Realität in Kontakt bleiben", DEZA, Bern 1997.

### 3.19 Impact Monitoring Team

**Target/Objective:** To efficiently shape the impact monitoring process in complex projects.

**Application:** In the impact monitoring team, in addition to other project stakeholders, an advisor should initially also be involved. In the long-term, those responsible for monitoring of counterpart institutions should be given the authority to do impact monitoring on their own.

The following aspects should be taken into consideration:

- Fairness and objectivity in carrying out of impact monitoring: internal and external views should be integrated.
- Multi-disciplinary expertise: Experience in data recording, analysis and the establishing of an impact monitoring system is desirable.
- Gender orientation: A team comprising both men and women makes a gender-specific impact monitoring approach easier.
- Capable local staff: Impact monitoring should be continued by counterpart institutions after the end of the project.
- Ability to co-ordinate: Other organisations must be included in data collection and the utilisation of data.
- Ability to communicate: The participatory procedure of impact monitoring requires a communicative team which is capable of discussing conflicts amongst the participants.

**Source:** "Guidelines for Impact Monitoring – Sustainable Land Management", GTZ, Department 4542.

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