



***Approach Note  
for Technical Committee on Social Stock Exchange***

October 2020

## **PART I: IMPACT MEASUREMENT: WHAT TO MEASURE AND HOW TO MEASURE ?**

### **A. Context**

In India, development organisations have been measuring impacts of the projects using various approaches, methods, tools and processes. Many a times, donors of the projects also engage and get third party evaluations done depending on the resources invested, duration of the project and richness of impacts and learnings. With emergence of new policy decision to provide resources to the development organisations through the route of Social Stock Exchange (SSE) as social sector investments, there is a need to consolidate learnings of several committed civil society organisations in the areas of project planning, monitoring, evaluation and impact measurement. This will help the new initiative of SSE to build on the existing endogenous knowledge and practices of the legitimate actors who have invested in evolving participatory methodologies of project planning, monitoring and evaluation over several decades for serving the poor and marginalised communities with the national and international funds.

This approach note is developed by a group of support organisations<sup>1</sup> which have worked together as well as independently in promoting participatory development and governance for more than three decades in several states of India and in several other countries, directly as well as in partnership with a large number of grassroots groups. The note provides a contextualised operational framework for measuring impacts of the projects for which funding will be accessed through SSE.

### **B. Philosophy of participatory impact assessments**

Participatory assessments emerged out of the need to measure the change from the perspective of the clients for whose benefit the projects are designed. It is found that the external evaluators were coming up with their own perspective of success and measuring metrics that were completely divergent from the client's and other stakeholders' perspective. Such evaluations resulted in more frustration, demotivation and alienation from the learnings of the evaluations. Without ownership of findings and learnings by the stakeholders, particularly the ultimate clients and intermediary agencies, the change will not happen. Therefore, participatory methodologies gained currency and demonstrated effective results.

The premise of participatory impact assessment or evaluation is based on the principle that the evaluators are the facilitators of the process of assessment and the clients should be at the centre of the evaluation design and process. The intermediary agency's staff should also play an active role along with the facilitators in designing the process rather than maintaining a distance to gain so called objectivity in the evaluations. As a result, in participatory evaluations, classical differentiation-monitoring as an internal exercise and evaluation as an external exercise-becomes seamless. Information and learnings generated out of the monitoring exercise feed into the evaluation process that makes the monitoring and evaluation process more holistic and unitary. The participatory philosophy also emphasises that the value of participation should be a cross cutting value within the implementing

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organisation for bringing clients in the centre, therefore, participatory project planning is also an integral part of the participatory monitoring and evaluations. Moreover, the implementing organisation should also practice participation in their organisational functioning and decision making as an engrained organisational value. It is imperative that the organisations participating in accessing projects from the SSE are encouraged to plan projects using participatory principles and methodologies. Thus, participatory planning, monitoring, evaluation and impact assessment serves both purposes – accountability as well as learning.

### C. What are impacts in different projects?

The project interventions continuously deliver certain changes from the beginning of the project cycle. Some changes are achieved quite early in the project cycle and several starts coming at the later stage of the project. It is like a plant, various outcomes are visible at different stages of maturity viz. leaves, branches and fruits and finally self-sustaining firm trunk of a tree. Therefore, the impact assessments must look at variety of dimensions of the project outcomes that may be important form different stakeholders, particularly, primary stakeholders.

#### **BOX 1: Various dimensions of Impact measurement and holistic assessment**

The impacts have to be unpacked in each of the project in order to measure wider, holistic and relevant changes in the following dimensions:  
sustainability – economic, social, environmental, etc.

- ownership by community institutions
- systemic institutional change (eco-system influence)
- enhancing local human and institutional capacity
- inclusion (caste, class, tribe, disability etc.)
- gender equity and mainstreaming
- relationships across stakeholders

The projects are of varying nature like plants of varying species. Therefore, the type of outputs, outcomes and impacts will vary for each project. The projects may be classified into three categories (a) **Projects for infrastructural improvements** viz. school buildings, *Anganwari Bhawan*, ponds, etc. which are primarily to enhance effectiveness of the existing service delivery system (b) **Projects for basic service delivery** viz. water, sanitation, health services etc. which are primarily to provide improved services in underserved areas and (c) **Projects empowerment** where the nature of the project is primarily to build capacity of clients and their associations and legitimate institutions like Gram Panchayat, Gram Sabhas, Urban Local Bodies are strengthened. These projects are primarily designed to attain desired goals of effective service delivery or realisation of entitlements of the clients using the mandate of rights and entitlements enshrined in the Constitution of India as well as social security programmes announced by the Government. The classification of variety of projects can be expanded. However, it is being underscored that the nature of the project will have different set of outcomes and impact which has to emerge from the Theory of Change that the project holder organization decides.

### **BOX 2: Are Impacts only positive? What can be negative or latent impacts?**

Every project makes some impact – some are positive and some are negative. Identification of potential negative impacts are important for understanding the change in a holistic manner. For example, in the green revolution movement, the mechanised agriculture, use of pesticide had adverse impact on women's health; a project developing housing colony for low income groups may create such a density of row of houses that air and light circulation became a problem leading micro-bacterial diseases or risk of spread of COVID-19; a project working on land rights on the women may ended up in increasing violence on women as the project may not have considered the retaliation factor and so on. These potential negative impacts must constitute part of impact measurement and management (IMM) and give negative marking.

While projects capture and report about the manifested/ desired impact, it often do not consider the latent impacts. For example, the kitchen gardens are promoted in say x number of villages. Looking into the benefits neighbouring villages started developing kitchen gardens seeking technical guidance from Village Resource Persons (VRPs) and the field staff. If project can provide evidence of this replication, the IMM shall incorporate these in the analysis.

## **D. Impact Assessment framework**

The impact assessment framework covers key elements and procedures that should be developed as guidelines for the organisations and Impact Assessors to follow for effective impact assessments.

### **1. Determine the theory of change of the project**

It is pertinent that the projects listed on the SSE, which are subjected to impact assessment, should have a clear Theory of Change (ToC). In other words, there is a need to define the hierarchy of objectives so that the inputs-outputs-outcomes-impacts and pathways of change may be clearly defined. There is a need to encourage participating organisations, which are interested in listing their projects, to clearly articulate and state the hierarchy of objectives of the project. The impact assessors should be trained to identify hierarchy of objectives in consultation with the project holder. The indicators of performance will emerge from the ToC and desired changes envisaged in the project.

### **2. Review the indicators and classify indicators for participatory assessment**

The Impact assessors will have to review the indicators defined by the project-holders at the time of listing of the project. The indicators should be provided against the hierarchy of objectives by the project-holder. Some of the indicators may be quantitative and others may be qualitative in nature. If the indicators are listed against the hierarchy of objectives, the nature of indicators will be defined as (a) input-output indicators (b) outcome indicators and (c) impact indicators. It is pertinent to define at what stage of the project, which of the indicators will become measurable? For example, a project having a 10 years of intervention plan may be reviewed for impact assessment at an interval of 2 years. In the first cycle of impact assessment, indicators of input-output and some of the outcome indicators may be

relevant for assessment. Later, in the 8<sup>th</sup> year of the project, more impact-oriented indicators are considered for assessment. It is crucial that relevant indicators that should be taken into account for impact assessment should be listed down and agreed upon jointly with the project-holder agency. Moreover, it should also be kept in mind that some of the indicators, which might not have been mentioned in the project document, may become crucial in due course of time as mentioned in BOX 2. An example of indicators is illustrated in a matrix given in Annex-1.

### **3. Capturing key concerns of various stakeholders for impact assessment**

It is pertinent that the impact assessors generate a list of concerns or expected learnings/findings that the impact evaluation should provide. The primary stakeholders for the assessment are the clients and their associations, therefore, it is pertinent to know from them about the concerns and key changes that they would like to be addressed/captured. Moreover, the donor/ investor of the project is also a critical stakeholder along with the project-holder organization. In the larger eco-system, the development program functionaries of that sector, village Panchayat or district/state administrative officials etc. may also be interested to know some specific impacts of the project. Ideally, the project monitoring and evaluation framework as agreed upon at the time of sanction of the project will be the most relevant document to be referred.

### **4. Determine sample size for generation of impact data**

It is imperative to determine sample size of the data collection based on the criteria of sufficient representation, diversity, cost, and validity of the findings. There is a need to answer the question “what should be the breath of the coverage and how deep will impact assessment should go in data collection?”. It is pertinent to strike a useful balance of the two using test of efficiency of time, money and desirability. It is possible that in a 10 year-long project, there may be wider reach/coverage and less in-depth data mining in the initial years of impact assessment. In later year, more deeper data gathering may be focused, taking few samples where the impact could have been more significant or desired to be more significant. Combination of quantitative and qualitative data gathering and analysis will depend on the decision on depth versus breath choices in sample selection.

### **5. Methods of data collection for impact assessment**

Once the indicators and relevant questions are framed and sample size is determined, it is pertinent to select appropriate data collection methods. Based on the type of concerns or evaluation questions and indicators, methods of data collection will be determined. There is a merit in generating data from various sources. The following data sources may be useful for data gathering:

a) **secondary sources** i.e. baseline reports, government reports, data generated through the monitoring system of the project etc. These are useful sources to generate information on quantitative indicators to measure impact.

b) **primary sources** i.e. from the clients directly to get first hand perspective, local wisdom and insights. Such data is rich in providing relevance, context specific change and impact from the clients' perspective.

Participatory data collection methods are being discussed in the following section.

#### **i. Focus Group Discussion, PLA tools, and personal interviews**

It is a powerful tool to get clients in homogenous or heterogenous groups to explore with them evidences of change and related incidences. In a safe, comfortable and supportive environment, the clients provide rich data on the stories of change and context specific successes and constraints. There are several Participatory Learning and Action (PLA) tools to measure impacts on indicators as well as generate action agenda from the clients' perspective. Social and resource mapping, critical incidence analysis, ranking matrix etc. are a few popular PLA exercises.

#### **ii. Measuring Return on Investment with primary stakeholders**

The investors will be interested to know the Social Return on Investment (SRoI) of the project so that decisions on further investments can be made. Moreover, new investors may be interested in the project based on the reports on the SRoI statistics. In order to make the process participatory, the directly benefitted people should be engaged in developing parameters to define costs and benefits. If at the time of project formulation, a framework on costs and benefits is evolved with the potential clients, it will be easier to use the same framework for generating evidences on impacts due to project interventions. A useful literature on SRoI measurement is available on <https://mande.co.uk/2011/uncategorized/social-return-on-investment-a-practical-guide-for-the-development-cooperation-sector/> written by Jan Brouwers, Ester Prins and Menno Salverda (2010), Utrecht.

#### **iii. Social audits of the project performance**

Social audit of the projects may also be conducted with the clients and other relevant stakeholders to critically reflect of the project performance, RoI and for exploring challenges. It is a well-tested tool for determining performance, fixing accountability and creating an environment of transparency. The social audit is conducted by a committee constituted by the clients nominating members among the clients and other knowledgeable persons to review progress on indicators as well as explore answers on the pertinent questions raised by various stakeholders. As the process is client driven which is facilitated by the impact assessors, there is a greater ownership on the process by the clients and related stakeholders. The process also identifies eco-system level changes as well as constraints posed by the eco-system, Government or market policies and socio-cultural structural constraints. A detailed [manual](https://samarthan.org/admin/img/resources/10_Social%20Audit%20Training%20Manual.pdf) on social audit has been developed by Samarthan-Centre for Development Support in collaboration with UNDP and NITI Ayog which can be accessed [https://samarthan.org/admin/img/resources/10\\_Social%20Audit%20Training%20Manual.pdf](https://samarthan.org/admin/img/resources/10_Social%20Audit%20Training%20Manual.pdf)

#### **iv. Community score cards and report cards**

[Community Score Cards](#) is also a powerful participatory method applied to measure performance of the project. These are effective where services are provided by the service providers viz. water supply, health, education etc. The clients develop indicators in small groups on diverse parameters. Women, youth, men etc. depending on the primary stakeholder group of the project develop a set of key indicators that are important for assessment from their perspective. The service providers also develop indicators and also share service delivery benchmarks established for the project. On the finalised list of indicators, scores are generated by the clients and the results are shared with the service providers and other stakeholders. Based on the performance, action areas are identified for improving the situation jointly by the clients and the service providers.

The report cards are also developed taking a larger sample of data from the clients on various indicators and aggregated analysis of data is presented to various stakeholder to provide feedback on performance and emerging areas of action. These methods are tested in several projects as assessment tools of project performance. The [citizens report cards](#) are also prepared to aggregate perceptions of the clients and other stakeholders on a structured questionnaire followed by consultations on the emerging findings.

A brief prepared by PRIA on establishing social accountability mechanisms for improved service delivery can be found [here](#).

The matrix given in annex 1 provides application of various tools for collection of data on different indicators during monitoring and evaluations.

#### **6. Preparing report on the Impact Assessment**

Based on the wealth of data/information generated on the decided methodology and indicators, most significant changes (quantitative and qualitative) are analysed and documented. The data generated from the communities and also from the secondary sources, including from the monitoring system are checked for consistency and coherence. A distilled analysis on the performance, lessons, constraints and action areas are identified. All of this should be converted in a report that can be shared with the investor and other relevant stakeholders, most importantly with the clients. The format for sharing findings and lessons with the clients, an appropriate format may be used- film, visuals or other comprehensible formats.

## **PART II: INSTITUTIONAL MECHANISMS TO BUILD CAPACITIES OF THE IMPACT ASSESSORS**

Impact assessment of the projects, sanctioned on the SSE, will demand a robust system of impact assessors. Such system should be imbedded in institutions dedicated for the enhancing capacities of the impact assessors on regular basis. These institutions will continuously evolve new methodologies of impact measurement, design tools and simplify existing tools of client participation etc. The measurement of 'return on investment' will also require adaptation of several methods that may be appropriate for the members in different situations. The following proactive steps at the policy level will be required to establish an effective system of impact assessment:

1. Identification of a few apex institutions having demonstrated capacities of impact measurement, capacity development and promotion of participatory methodologies. These can be identified dividing the states in different geographical zones- East, West, North, South and North-East, etc. Alternatively, support organizations may be identified on thematic basis- livelihoods, health, education, governance, water and sanitation, etc.
2. There should be certain criteria of selection of such organizations where weightage is given to those organizations which have demonstrated field-based experiments of participatory measurement of impacts. Typical consultancy groups should be less preferred as participation is a practiced empowering value of the voluntary organisations rather than cosmetic application in an instrumental framework by the consultants.
3. A steering committee of the selected institutions should be constituted for developing common principles, guidelines, ethics and setting common norms of operations. The committee should be chaired by an eminent person, having vast experience in participatory evaluations. The chairperson may be within the group or from outside the members of the selected institutions.
4. Financial resources should be committed for the institutional development of the capacity building institutions to develop methodologies, tools as well as to develop course curriculum for training the "Impact Assessors". The training modules, methodologies and tools should be wetted by the steering committee or any legitimate mechanism established by the SSE.
5. A university or a research institution or an independent agency set up by the SSE should be identified that should be a certifying agency of the Impact Assessors. The certified courses may be offered by the universities and development organizations that are recognised by the SSE governance system.
6. The reports of the impact assessment should be posted on a common website for the investors, academicians and practitioners to assess it easily. There can be a rating system of the reports by the peers and other experts to enhance the quality of impact assessment as well as for promotion of more serious organizations in the business of assessment.



## Impact Management and Measurement framework: Example

### Annexure 1 : Matrix of Indicators and monitoring and Evaluation protocols

**Project Goal: Empower small and marginal farmers for sustainable livelihoods and reduced vulnerability as seasonal migrants**

Project objectives	Key outputs	Indicators	Monitoring protocols	Evaluation protocols
1.Support of seed and other agricultural inputs to the small and marginal seasonal migrant farmers	1.Seed and other agricultural inputs provided to the marginal farmers in Kharif and Rabi crop 2.Training of farmers on scientific methods of climate resilient agricultural practises	<p><b>Output indicators</b></p> <p>% farmers in each village received seed and agriculture input support in Kharif and Rabi Season</p> <p>% farmers received training on climate resilient agricultural practices</p> <p><b>Outcome Indicators</b></p> <p>% increase in quantity of agricultural yield on intervened farms</p> <p>% change in income of each supported farmer</p> <p><b>Impact Indicators</b></p> <p>% of supported families staying back with gainful employment</p> <p>% families able to retain their children (girls/boys) in schools</p>	<p>Maintain registers showing distribution of seed to different farmers</p> <p>Case studies on climate resilient practises adopted by farmers ( collected after each season's harvesting)</p> <p>Maintain data on the baseline of the previous yields and current yields</p> <p>Maintain data on income levels at the baseline and on every season</p> <p>Maintain data on the distress migration compelling target families to migrate due to lack of food security, job</p>	<p>Verify selection process of famers on inclusion, relevance and timely distribution etc.</p> <p>Interviews with the farmers on the value addition of the support</p> <p>Conduct Return on Investment exercise with the farmers and other stakeholders</p> <p>Interviews with the children, their mothers, teachers on their distress before and gains after the support</p>

Project objectives	Key outputs	Indicators	Monitoring protocols	Evaluation protocols
			opportunity and social security	
2.Support in establishing seed bank by training, arranging storage facilities etc. in each village for small and marginal farmers	Seed bank established in each village with proper norms and farmers' committee monitors its effective functioning	<p><b>Output indicators</b></p> <ul style="list-style-type: none"> <li>% villages having well- functioning seed banks</li> <li>% farmers supported with seed on demand (men and women farmers)</li> </ul> <p><b>Outcome indicators</b></p> <ul style="list-style-type: none"> <li>% growth in seed bank after harvesting of each crop</li> </ul> <p><b>Impact Indicators</b></p> <ul style="list-style-type: none"> <li>Number of farmers returned seeds post-harvest</li> <li>Long term sustainability of seed bank beyond the project support</li> </ul>	<p>Periodic analysis of records/ register of the committee managing the seed bank</p> <p>Focus Group discussions with the management committee of seedbank</p> <p>Review of inventory of seed distributed and returned in each crop cycle</p> <p>Interviews with farmers of the seed bank who got out of the clutches of moneylenders at high costs</p>	<p>Compare monitoring data over the baseline findings</p> <p>Participatory assessment of leadership, management skills and sustainability elements of the committee</p> <p>Undertake ranking exercise on benefits and challenges identified by the farmers</p> <p>Calculate Return on Investment with the farmers</p> <p>Develop case studies on significant change stories</p>