

CORPORATE-LEVEL IMPACT MEASUREMENT – IFAD’S EXPERIENCE

For donor countries, corporate-level impact estimates can be crucial for justifying funding to an institution. The International Fund for Agricultural Development (IFAD) has developed a system which allows for monitoring the attributable impact of its entire portfolio on a systematic basis.

By Paul Winters and Alessandra Garbero

Assessing impact requires attribution, which refers to the ability to claim that impact on an indicator of success is the result of a particular investment. Identifying impact entails creating a counterfactual that allows comparison of what has happened as the results of an intervention and what would have happened in the absence of that intervention. As seen in the other articles in this issue, identifying impact at the project level is well understood. Experimental (randomised controlled trials) and non-experimental approaches are becoming widely used to assess impact. These approaches create a counterfactual through a combination of careful data collection and statistical methods which provide confidence that impact estimates are unbiased and thus can be attributed to the intervention.

Attributing corporate-level impact for a development institution, such as the International Fund for Agricultural Development (IFAD), is more complicated and less straightforward. Nevertheless, bodies that govern development institutions are expanding demand for impact estimates that can be attributed to the activities of these institutions. For donor countries, corporate-level impact estimate can be crucial for justifying funding to an institution since it can address taxpayers’ and parliaments’ questions about whether development assistance is effective. For this reason, governing bodies are increasingly asking for Results Measurement Frameworks (RMFs), which lay out the indicators of institutional success and include attributable impact indicators.

THE AGGREGATION CHALLENGE

Along with the issue of attribution, an additional consideration for corporate-level impact is aggregation. Corporate impact measurement requires having indicators that can be aggregated across a range of interventions as well as a means to add up the overall impacts across those interventions. If every project had the same objective along with the same indicators of success and if every project had an impact evaluation, aggregation would be straightforward; measures of impact could simply be



To increase rural people’s benefits from market participation is one of IFAD’s Strategic Objectives.

Photo: IFAD/G. M. B. Akash

added up. But projects vary in their objectives based on local development needs and country priorities and impact evaluations are costly and cannot be undertaken for every project.

To address the need for attribution and aggregation, IFAD has developed a system for measuring corporate results (see upper Figure on page 31). Based on a theory of change, every IFAD project invests in inputs that are expected to lead to outputs. Provided that beneficiaries of project funding behave in an anticipated manner, this should lead to anticipated outcomes and ultimately impact. For each project, a logical framework (log-frame) is developed with indicators for inputs, outputs, outcomes and impacts. For inputs, outputs and some outcomes attribution is not an issue since the institution knows where its funds go and what their immediate effect is. Data on these indicators is collected based on a monitoring and evaluation (M&E) plan that is developed at the initiation of the project. Since projects necessarily differ because they address distinct development problems in differing contexts, these indicators vary by project. This presents the challenge for aggregation

to the corporate level since it is not possible to aggregate different indicators. But there are sufficient similarities among IFAD projects to allow for similar indicators – what we refer to as Core Indicators. These are mandatory when relevant for all projects and can be aggregated for corporate results reporting.

INDICATORS REFLECT THE FUND’S STRATEGIC OBJECTIVES

As noted, getting attribution at the impact level is more complicated and costly since it requires substantial data collection efforts on indicators for a treatment (beneficiaries) and control (counterfactual) group. It is therefore difficult to justify impact assessments for all projects. For this reason, the impact level measurement is done in 15 per cent of projects. Of course, this creates a problem in that corporate-level impact should be an estimate of total impact, not just 15 per cent of the portfolio. For this reason, IFAD has devised an aggregation “methodology”. The first step in this process is the identification of the indicators and targets to measure in order to reflect corpo-

rate success. The overarching goal of IFAD's Strategic Framework 2016–2025 is to invest in rural people to enable them to overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods. To achieve this goal, the Fund identifies three strategic objectives: SO1 – increase rural people's productive capacities; SO2 – increase rural people's benefits from market participation; and SO3 – strengthen the environmental sustainability and climate resilience of rural people's economic activities. In accordance with this strategy, the following impact indicators are used in the RMF and defined in such a way that they can be aggregated across projects:

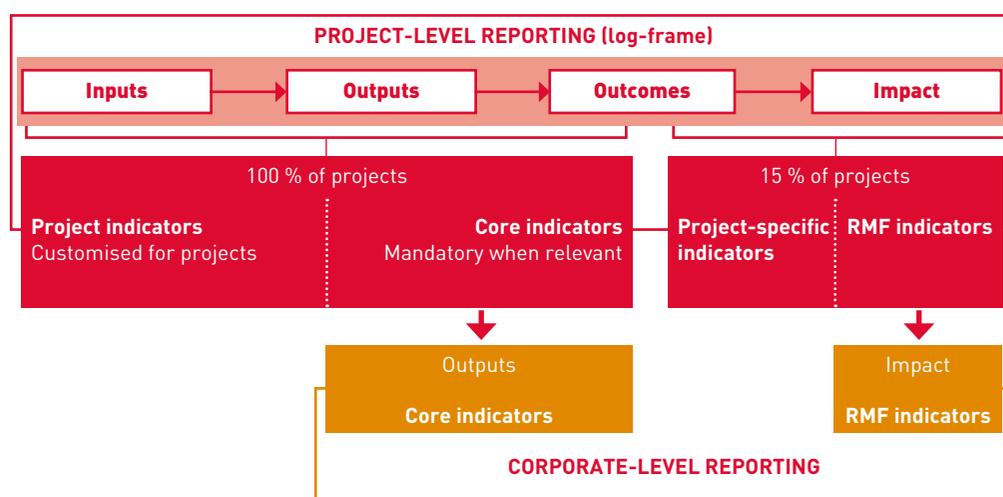
1. Number of people experiencing economic mobility (goal)
2. Number of people with improved production (SO1)
3. Number of people with improved market access (SO2)
4. Number of people with greater resilience (SO3)

As with Core Indicators not all indicators for an impact evaluation are RMF indicators since projects may include other context-relevant indicators.

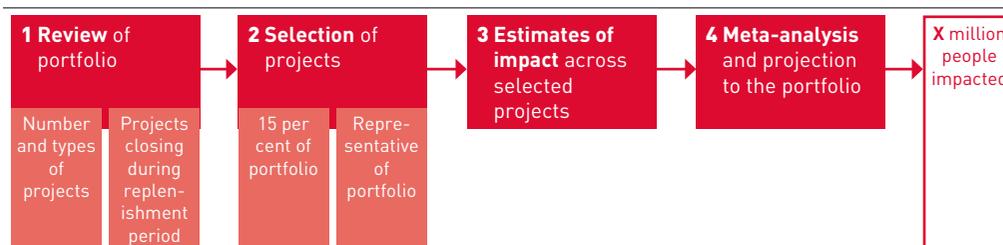
While impact evaluations provide estimates of the average project impact, these indicators are reported in terms of a number of people receiving a benefit. The lower Figure summarises the approach to aggregating from the 15 per cent of projects with impact evaluations to corporate reporting of the number of people benefiting.

Step one in aggregating impact is to understand the portfolio of investments. This includes investment projects that are being completed during a particular period of interest, which for IFAD is the three year replenishment cycles (e.g. IFAD10: 2016–2018). This means having a sense not only of the amount of investment, but also of the types of investment. The second step is to select the 15 per cent of projects suitable for an impact evaluation. These need to be selected to represent the types of projects in the portfolio, so that any aggregation reflects the whole portfolio. The third step is to conduct the impact evaluations of individual selected projects and estimate project-specific impact. This provides the average impact of each project on project beneficiaries. The final step is to take these estimates and use a methodology, for instance meta-analysis, to obtain a global average impact estimate, and employ a set of

IFAD corporate approach to reporting



IFAD steps for assessing impact



Source: IFAD

assumptions that allow one to project such estimate to the overall portfolio. This requires a clear understanding of the portfolio and a set of assumptions regarding how average impacts translate into number of people benefiting. The details of this are beyond the scope of this article, but the logic should be clear. The basis for the estimates are impact evaluations that allow for attribution, carefully selected aggregable indicators and a clear understanding of the portfolio that allows for aggregation.

CONSIDERING THE ENTIRE PORTFOLIO

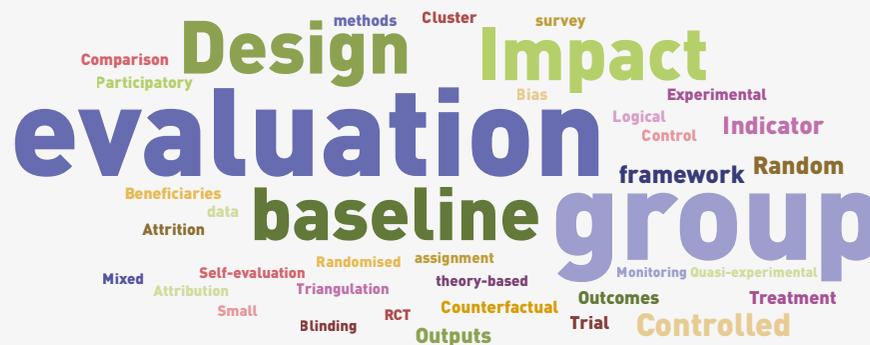
While relying on a number of assumptions, this system enables reporting corporate-level impact measurement, something that has not been done by many development institutions. Although this is important for accountability and reporting to governing bodies, it allows for a systematic review of the portfolio and for learning on how to improve projects. Standard practice for impact evaluation is to select projects based on the ability to learn lessons but also reflecting the feasibility of assessing impact and the interests of researchers. A corporate-level approach ensures that an entire portfolio is considered and that lessons learned on

whether an institution is doing things right as well as doing the right things can be gathered in an efficient manner.

Of course, there are numerous challenges in doing this, and the system needs to be reconsidered and improved. Along with methodological issues, it requires technical expertise and significant resources that could be used elsewhere. This means that the value of the impact evaluations needs to be sufficient to justify the costs. The entire process must draw lessons that feed into future decisions on investments and help improve approaches to development.

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A BRIEF GLOSSARY OF IMPACT EVALUATION TERMS

Attribution

The extent to which the observed change in outcome is the result of the intervention, having allowed for all other factors which may also affect the outcome(s) of interest.

Attrition

Either the drop out of participants from the treatment group during the intervention, or failure to collect data from a unit in subsequent rounds of a panel data survey. Either form of attrition can result in biased impact estimates.

Baseline survey/baseline data

A survey to collect data prior to the start of the intervention. Baseline data are necessary to conduct double difference analysis, and should be collected from both treatment and comparison groups.

Beneficiaries

The individuals, groups, or organisations, whether targeted or not, that benefit, directly or indirectly, from the development intervention.

Bias

The extent to which the estimate of impact differs from the true value as result of problems in the evaluation or sample design (i.e. not due to sampling error).

Blinding

A process of concealing which subjects are in the treatment group and which are in the comparison group, which is single-blinding. In a double-blinded approach neither the subjects nor those conducting the trial know who is in which group, and in a triple-blinded trial, those analysing the data do not know which group is which.

Cluster evaluation

An evaluation of a set of related activities, projects and/or programmes.

Comparison group

A group of individuals whose characteristics are similar to those of the treatment groups (or participants) but who do not receive the intervention. Under trial conditions in which the evaluator can ensure that no confounding factors affect the comparison group, it is called a control group.

Control group

A special case of the comparison group in which the evaluator can control the environment and thus limit confounding factors.

Counterfactual

The state of the world in the absence of the intervention. For most impact evaluations the counterfactual is the value of the outcome for the treatment group in the absence of the intervention. However, studies should also pay attention to unintended outcomes, including effects on non-beneficiaries.

Impact

How an intervention alters the state of the world. Impact evaluations typically focus on the effect of the intervention on the outcome for the beneficiary population.

Impact evaluation

A study of the attribution of changes in the outcome to the intervention. Impact evaluations have either an experimental or quasi-experimental design.

Indicator

A quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.

Large n impact evaluation

Studies applying statistical means to construct a counterfactual, which requires a sufficiently large sample size (n) to ensure statistical power.

Logical framework (Logframe)

A management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators and the assumptions or risks that may influence success and failure. It thus facilitates planning, execution and evaluation of a development intervention.

Mixed methods

The use of both quantitative and qualitative methods in an impact evaluation design. Sometimes called Q-squared or Q2.

Monitoring

A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indications of the extent of progress and achievement of objectives and progress in the use of allocated funds.

Outcome(s)

A variable, or variables, which measure the impact of the intervention.

Outputs

The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.

Participatory evaluation

Evaluation method in which representatives of agencies and stakeholders (including beneficiaries) work together in designing, carrying out and interpreting an evaluation.

Quasi-experimental design

Impact evaluation designs used to determine impact in the absence of a control group from an experimental design. Many quasi-experimental methods, e.g. propensity score matching and regression discontinuity design, create a comparison group using statistical procedures. The intention is to ensure that the characteristics of the treatment and comparison groups are identical in all respects, other than the intervention, as would be the case from an experimental design. Other, regression-based approaches, have an implicit counterfactual, controlling for selection bias and other confounding factors through statistical procedures.

Random assignment

An intervention design in which members of the eligible population are assigned at random to either the treatment group or the control group (i.e. random assignment). That is, whether someone is in the treatment or control group is solely a matter of chance, and not a function of any of their characteristics (either observed or unobserved).

Randomised controlled trial (RCT) / Experimental design

An impact evaluation design in which random assignment has been used to allocate the intervention amongst members of the eligible population that is meant to ensure that there is no correlation between participant characteristics and the outcome. Differences in outcome between the treatment and control group can be fully attributed to the intervention, i.e. there is no selection bias.

Self-evaluation

An evaluation by those who are entrusted with the design and delivery of a development intervention.

Small n impact evaluation

The set of best available methods when n is too small to apply statistical approaches to constructing a counterfactual.

Theory-based impact evaluation

A study design which combines a counterfactual analysis of impact with an analysis of the causal chain, which mostly draws on factual analysis.

Theory of change

Laying out the underlying causal chain linking inputs, activities, outputs and outcomes, and identifying the assumptions required to hold if the intervention is to be successful. A theory of change is the starting point for theory-based impact evaluations.

Treatment group

The group of people, firms, facilities or whatever who receive the intervention. Also called participants.

Triangulation

The use of three or more theories, sources or types of information, or types of analysis to verify and substantiate an assessment. By combining multiple data-sources, methods, analyses or theories, evaluators seek to overcome the bias that comes from single informants, single methods, single observer or single theory studies.

Source: OECD (2009): *Glossary of Key Terms in Evaluation and Results Based Management*; International Initiative for Impact Evaluation (2012): *3ie impact evaluation glossary*.