



CIMA Global Academic Research Programme

Impact assessment in a non-government organisation



Key conclusions

The key findings of this project are as follows:

- NGOs increasingly face pressure from current and prospective funders to demonstrate the impact of their interventions on target communities. Impact may be assessed using a range of tools including interviews, focus groups, sophisticated statistical techniques and randomised control trials. The assessment tools used are often linked to a variety of contextual circumstances.
- Many NGOs are beginning to assess impact using randomised control trials (RCTs), which compare the impact of a development intervention on a certain community with a “control group” community.
- For many NGOs, a lack of expertise and financial resources act as impediments to effective impact assessment. An NGO may gain expertise by collaborating with university researchers. Dedicated in-house impact assessment units may be used by more financially well-resourced NGOs.
- Assessing the overall impact of an NGO is less common than assessment of projects or programmes due to the difficulty of making such assessments across disparate projects and programmes. In addition, the issue of attribution of development outcomes to a specific NGO is problematic. However, such assessments can be valuable for internal decision-making and for demonstrating the value of the NGO to external stakeholders, such as governments and donors.

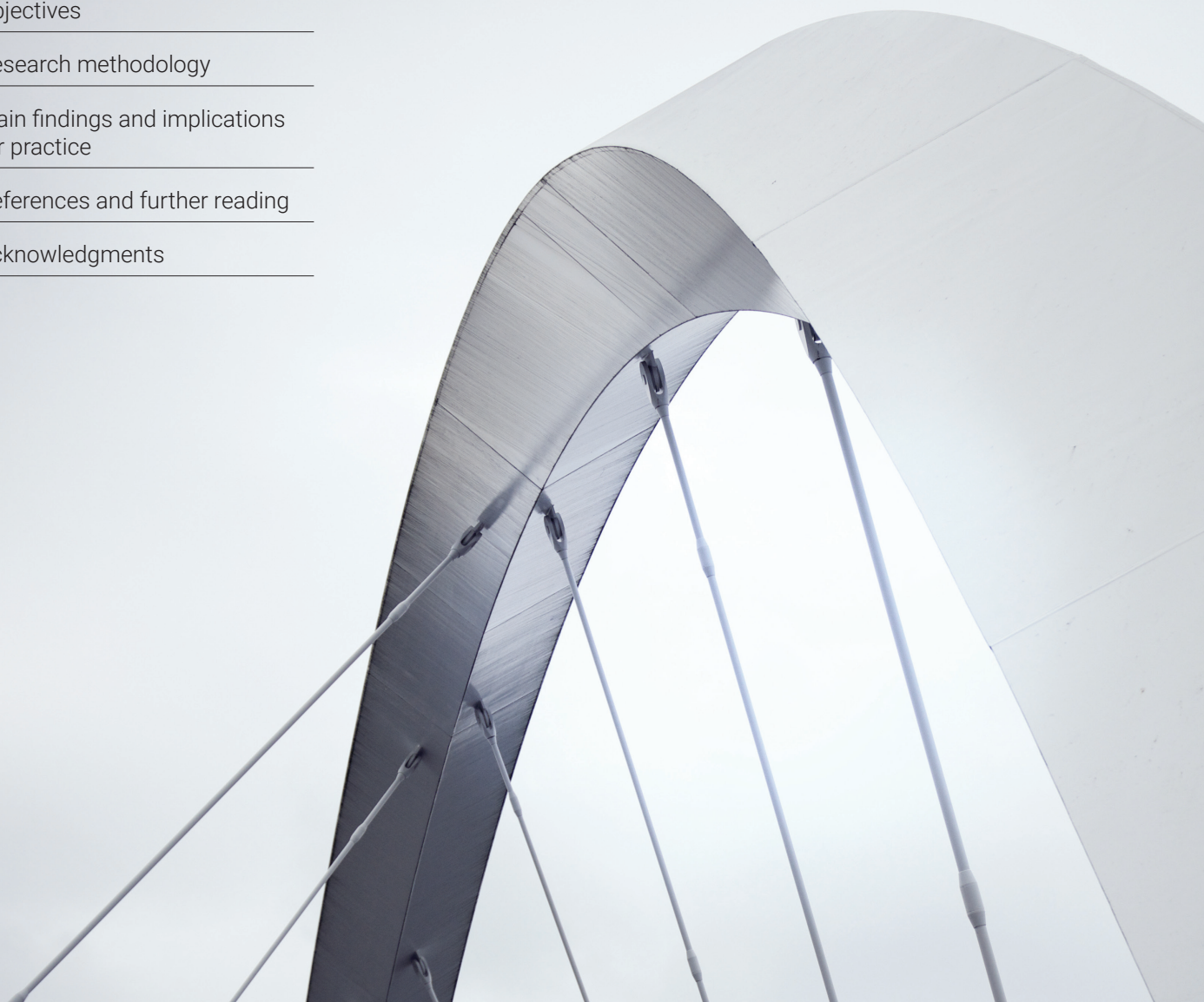
Abstract

This project was conducted in a large development NGO to understand the challenges associated with assessing impact at both a programme and organisational level.

Findings demonstrate that external stakeholders, such as governments and donors, increasingly demand accountability for funding and this has resulted in a move towards rigorous and professionalised impact assessment within NGOs. Findings also highlight that there are a range of impact assessment tools used by NGOs, yet resource constraints create challenges when undertaking such assessments.

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Introduction

NGOs play a critical role in addressing humanitarian issues, providing development assistance, and enabling developing communities to achieve sustainable development outcomes. Increasingly, these organisations face pressure from current and prospective funders to demonstrate the impact of their interventions. This is due to a greater emphasis on outcomes and “value for money” on the part of donors, and a general trend towards greater accountability in the sector (Hulme, 2000). Additionally, given the proliferation of NGOs, donors have a high degree of choice in where to direct their funds, making it necessary for NGOs to demonstrate substantive impact in order to stand out from the crowd. This all occurs in the context of a limited pool of donor funds, as governments of some developed nations, such as Australia, reduce their overseas aid expenditure (Flitton, 2015).

Despite these circumstances, many NGOs struggle to measure the impact of their programmes. In particular, it is not always clear how the impact of specific programmes (for example, improvement of certain development outcomes within a community) link to the overall missions and goals of an NGO. While prior research has focused on project-level impact, it has typically overlooked how these impacts relate to, and link with, broader organisational objectives.

Today impact assessment has come to be defined in a rather specific manner by many international bodies. For example, the OECD defines it as “an assessment of how the intervention being evaluated affects outcomes, whether these effects are intended or unintended ... [this] requires a counterfactual of what those outcomes would have been in the absence of the intervention”. A ‘counterfactual’ refers to a baseline measure of what would have happened if a development intervention had not taken place. The difference between the baseline and actual development outcomes within a target community can then be claimed as attributable to the NGO’s intervention and is evidence of its impact.

Randomised control trials (RCTs) are one tool used by NGOs that enable them to establish this counterfactual. RCTs require the identification of a control group (i.e. communities that do not receive a particular intervention) as a baseline against which outcomes can be compared. This emphasis on requiring a counterfactual presents a new challenge for NGO impact assessment. However, there are other approaches that NGOs may use to evaluate impact, including qualitative (interview-based) assessments, and the analysis of non-experimental quantitative data using econometric techniques, most frequently propensity score matching and difference-in-differences methods.

This report draws on the experiences of a large NGO (called IDO). IDO’s overall vision and mission is the empowerment of communities that experience significant disadvantage, such as poverty, poor health, and limited education. It is difficult to determine specifically how assessments of individual development interventions reflect these overarching goals and contribute to them. Despite this, we found that understanding the impact of development programmes was important to IDO for internal decision-making and demonstrating impact to donors. However, the size, complexity, and breadth of different development programmes create the potential for multiple definitions of impact, which results in many different forms of impact assessment.

Objectives

This project addresses the following questions:

- What tools can be used by NGOs to assess the impact of a programme?
- What are the challenges involved in measuring impact and how can they be managed?
- How is impact at an individual programme level within NGOs understood, measured and evaluated in the context of broader organisational goals?

Research methodology

The project focuses on an in-depth case study of a large development NGO, which we call by the pseudonym IDO, located in Bangladesh. IDO is headquartered in Dhaka and while its focus historically has been on development within Bangladesh, in recent years it expanded to include a number of other developing nations. Due to its size, therefore, IDO is able to offer a diverse range of programmes in areas including education, health, nutrition, community empowerment, microfinance, sanitation and hygiene. These programmes are disparate in nature, and often have very different aims and objectives.

The researchers spent three weeks at IDO's head office, observing work practices, with an additional week observing IDO programmes at rural sites within Bangladesh. They conducted 29 interviews, as well as having many informal conversations with IDO staff and within target communities. They were given access to IDO's internal documents and records, and also examined external documents relating to the organisation.

Main findings and implications for practice

The main findings of this project can be divided into three themes, which correspond to the three research questions presented earlier in this report.

How is programme impact assessed?

An important issue in considering the appropriateness of particular impact assessment tools is to understand how the outcomes of impact assessment will be used. Within IDO, the needs of target communities are great, and IDO's resources are limited. Therefore, the assessment of impact is often used to decide which projects should be allocated additional resources, or which projects should be 'scaled up'. Additionally, IDO's donors increasingly want to see the impact of their donated funds. One senior manager described this situation as follows:

How do you decide between educating more kids and saving less infant lives? It's very difficult. One of the criteria is beginning to be that if you come in with a new proposal for a new phase of your programme, if you've got a rigorous evaluation with some encouraging results, you've probably got an edge on the rest and if you haven't, you might regret it. The message is "Is it really externally evaluated? How do we know that it's really reliable?" I think that's coming up more and more in internal decision-making in IDO but also when you go to your other potential supporters (and donors) and they all say, "Well, where's the evidence?" So the culture of generating evidence is getting stronger.

This highlights the importance of impact assessment tools both for internal decision-making and for providing information to external stakeholders. IDO places a strong emphasis on ensuring the appropriate impact assessment tool is used for each programme. As such, IDO uses both qualitative (narrative-based) and quantitative (measurable) approaches to assessing impact, depending on a range of circumstances, for example, data availability, output measurability and the speed with which an intervention needs to be undertaken.

One quantitative impact assessment tool used by IDO is randomised control trials (RCTs).

RCTs are widely recognised within the development community as the 'gold standard' with respect to impact assessment. They are effectively field experiments, which allow NGOs to attribute a particular development outcome to one of their development interventions. RCTs require the identification of a control group (i.e. communities that do not receive a particular intervention) against which outcomes can be compared. For example, IDO may be interested in trialling a health intervention to improve maternal health. The intervention is undertaken in a particular community, and the maternal health outcomes are then compared to those in a similar community where no such intervention has taken place. This allows IDO to determine whether or not the outcomes within the target community are statistically more significant than those of the control community. IDO uses RCTs widely when the circumstances allow, for example, when an intervention takes place in a single community and it is possible to conduct an appropriate 'baseline' before the intervention is rolled out.

However, RCTs are not an appropriate assessment tool in all circumstances, and have a number of limitations. One limitation is that RCTs are best suited to interventions where outcomes are tangible, such as those in education, sanitation, or health. For programmes that have less tangible, but no less important, outcomes including those focused on human rights or community empowerment, RCTs are unlikely to be used due to the difficulty in measuring outcomes. A criticism of RCTs made by some managers in IDO, was that by design RCTs tend to encompass a short-term focus, and are only one part of the overall impact assessment puzzle (that is, they may examine an intervention in a single community, rather than more broadly across, say, an entire country). Therefore, they are not useful in assessing impact in a global sense. As a result, IDO considers multiple approaches to impact assessment, including qualitative assessments where outcomes are particularly difficult to measure. In these cases, data is typically collected via interviews or focus groups.

In other circumstances, most notably when an intervention has commenced before an RCT can be designed, IDO will collect non-experimental impact data.

This data is analysed using statistical techniques such as propensity score matching and difference-in-differences modelling. While it is beyond the scope of this report to provide a detailed explanation of these techniques, their intention is to account for the effect of a particular development programme while mitigating the effects of certain extraneous factors.

Challenges involved in impact assessment

Similar to most NGOs, IDO faces three key impediments to effective impact assessment: limited financial resources, a lack of employees trained in impact assessment, and tensions between impact assessment and managing development programmes. IDO addressed these challenges in two ways.

First, due to their significant reputation in the development sector, IDO was able to attract leading academic researchers, particularly in the field of development economics, to undertake impact assessment studies on their behalf. This was mutually beneficial for IDO and the researchers. For IDO, it provided access to leading scholars in the field, who used state-of-the-art techniques to assess the impact of programmes. In addition, IDO did not need to pay the researchers for these assessments. For the researchers, it gave them valuable opportunities to study development initiatives in the field, thereby enhancing their own research outputs.

Second, IDO developed its own dedicated in-house impact assessment unit. A senior manager who was very experienced in the development sector in Bangladesh was employed to run the unit, which was predominantly staffed by graduates of local universities. IDO's outstanding reputation meant that they were able to attract highly skilled employees. While the cost of operating such a unit is very high, the benefits are significant. Within IDO, the unit provided valuable information about programme impact enabling more informed decisions about how to direct resources to future programmes. As

a large NGO, IDO could easily absorb the cost of the unit in comparison to other smaller organisations. However, the contributions of independent academic researchers also offset the high cost of running the unit. This all led to the emergence of professional expertise with respect to impact assessment at IDO, in a manner analogous to that described in Gendron, Townley & Cooper's (2007) study of auditors. This "professionalisation" of impact assessment and the associated use of sophisticated impact assessment techniques such as RCTs which deliver quantifiable and verifiable indicators of impact (cf. Power, 2015) has not been prevalent in NGOs historically.

Similar to many NGOs, IDO often found it difficult to achieve balance between the necessity of reporting impact to donors and the task of internally executing development programmes. The initiatives described above, however – in terms of operating a dedicated impact assessment unit and engaging academic researchers - made this 'tension' less problematic in comparison to other NGOs. In particular, field workers that directly managed development programmes were largely insulated from having to collect data for impact assessment or report on the impact of their programmes.

Integrating project and programme-level assessments of impact

In our interviews, we observed competing views regarding the value of drawing together impact assessments of multiple, disparate programmes into an overall assessment of impact. Some managers at IDO expressed the view that as long as each programme was shown to have a positive impact, then there was no pressing need to have an overarching measure of organisational impact. However, most managers believed that a measure of organisational impact, if possible, would be desirable for two main reasons. First, it would be useful for internal decision-making, for example, assessing the future viability of programmes and determining which programmes contribute most to organisational impact. Second, it would demonstrate impact to external stakeholders, such as governments and donors. While IDO is better placed than many NGOs to secure funds (due to its size and reputation), it is still heavily reliant on donor funding.

Despite the desirability of having some measure of organisational impact, managers recognised the difficulty in achieving this. For example, surveys of target communities were often considered a useful method of assessing impact yet this was not considered a viable option by IDO management, as such data was considered too subjective to provide to stakeholders.

In 2015, a new Executive Director (ED) joined IDO. His belief was that impact assessment should occur at three levels – project, programme (a programme consists of multiple projects) and organisation. Within IDO, he noted a lot of impact assessment at the project level, some at the programme level, and nothing at the organisational level. Among the many impediments to assessing impact at the organisational level, the problem of attribution was particularly notable due to the fact that IDO undertakes a lot of its work alongside other development agencies. Therefore, it can be difficult to isolate the impact of IDO's work specifically. Furthermore, while IDO has a clear mission and values, the organisation lacks one overarching goal, making overall assessment of impact difficult.

Notwithstanding this problem, the ED aimed to institute more formalised impact assessment at the organisational level. IDO aims to improve development outcomes for 120 million people. Under a new formalised system, however, all programme directors would be asked for specific input – to effectively 'nail them down' – into how their programme would improve the quality of life for a target of 20 million people. In order to be able to claim that an improvement occurred for one of the 20 million people, target levels of impact need to be achieved across three domains – social position, human condition (for example, learning, gender equality, food and income security, access to clean water etc.), and an enabling environment (for example, policies, and appropriate norms and values). Indicators will be developed for each domain, leading to the development of a "measurement matrix". For an individual to count as one of the 20 million, IDO needs to have met acceptable levels of impact in relation to all three domains. If the target is met for only one domain, the individual would count as one of the 120 million, not as one of the 20 million. The existing impact assessment tools at the project and programme levels will continue to be applied to obtain this organisational impact information.

References and further reading

The ED noted that there was a risk in undertaking this approach, however. A major strength of IDO is its operational skill and speed, and he was worried that this may be reduced or lost by the introduction of the new formal system.

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