

## ENTERPRISE DEVELOPMENT IMPACT ASSESSMENT INFORMATION SERVICE (EDIAIS)

### Project overview document

**GOAL** Increased contribution of Enterprise Development (ED) to poverty elimination through equitable and sustainable growth

#### **PURPOSE**

Enterprise Development Department has identified the need for a central resource which can advise regional and country-based Enterprise Development Advisers (EDAs) on 'good practice,' design and methods of impact assessment (IA).

In this context EDIAIS will aim to provide information and expertise in enterprise development impact assessment to DFID and the wider development community.

#### **ACTIVITIES**

- Management of **web site** providing information on integrated impact assessment design and methodologies.
- Production of **written material** for dissemination on the key issues in ED impact assessment.
- Management of **studies** on key areas of ED policy
- **Advice for enterprise advisers** in London and in the country offices on development of IA strategies and assessing impact of specific projects.
- Provision of a **communication network** with other specialists, donors and southern organisations.

#### **UNDERLYING PRINCIPLES**

EDIAIS Services will be based on a number of underlying principles:

- focus on **impact assessment methodologies** adapted to the needs of EDAs and DFID partners
- focus on **practical application of IA, and dissemination of learning from IA**, across the range of EDD activities
- a **multidimensional understanding of poverty elimination** in line with EDD's role in DFID's overall development objectives of equitable and sustainable growth

## **1 IMPACT ASSESSMENT METHODOLOGIES**

There currently exists considerable experience of impact assessment relating to particular areas of activity over the range of different types of methodologies. This includes *ex ante* assessments as part of the approval process for certain types of intervention, including *environmental impact assessment* and *economic appraisal*. It also includes *ex post* assessments undertaken or commissioned to provide fuller information than may be available from routine monitoring and evaluation.

There is, however, no single, best practice impact assessment methodology, but a range of potentially 'Good Practices' which have been developed. A key part of the EDIAIS service is to provide information on current practice and innovation across this range of methodologies for impact assessment.

The EDIAIS service will cover issues involved in the design of ***impact assessment***. It will cover a number of complementary methodologies:

- ***Quantitative statistical methods*** involving baseline studies, the precise identification of baseline conditions, definition of objectives, target setting, rigorous performance evaluation and outcome measurement. Such methods can be costly, limited in the types of impacts which can be accurately measured, and may pose difficulties for inference of causality and hence for choice between different dimensions of policy.
- ***Qualitative methods*** suitable for investigating more complex and/or sensitive types of social impacts, e.g. intra-household processes, policy issues and investigation of reasons for statistical relationships and policy implications. These methods generally require high levels of skill, and may therefore be relatively costly.
- ***Participatory approaches*** suitable for initial definition or refinement of the actual or potential impacts which are of concern to stakeholders, questions to be asked, and appropriate frameworks and indicators to be used. Such approaches can contribute to all types of assessment, and are particularly suited to exploratory low budget assessments and initial investigation of possible reasons for observed statistical relationships. Most importantly, they offer a means of involving stakeholders in the research, learning and decision-making processes. These methodologies also require a certain level of skill, depending on the issues to be addressed and ways in which they are integrated with other methods.

It will also discuss implementation of these methodologies through:

- **Externally-commissioned impact assessment**, often involving independent investigators. These assessments are needed particularly for investigation of macro level interventions and where programmes do not have capacity for impact assessment or where programmes are not functioning well and there is concern to have independent and direct information from those affected by particular policies.
- **Internal monitoring and evaluation for ongoing programme-level learning**, through for example the integration of specific impact indicators into existing management information systems, which makes information immediately available to staff. This is appropriate where the programme is functioning well and has an effective structure for integrating findings into policy formation.

There is also a third type of assessment where methodologies are being pioneered:

- **Grassroots impact assessment** where those affected by policies are facilitated to do their own impact assessment as part of a grassroots learning process.

These three ways of implementing impact assessment are ideally linked in an ongoing process of institutional learning between different stakeholders: donors, programmes and those involved in or affected by ED policies and programmes.

#### **BOX 1: SUMMARY OF COMPONENTS IN IMPACT ASSESSMENT**

##### IMPACT ASSESSMENT METHODOLOGIES

- quantitative
- qualitative
- participatory

##### METHODS OF IMPLEMENTING IMPACT ASSESSMENT

- Externally-commissioned impact assessment
- Internal monitoring and evaluation for ongoing programme-level learning
- Grassroots impact assessment

## **2 PRACTICAL APPLICATION AND LEARNING FROM IMPACT ASSESSMENT ACROSS THE RANGE OF ED ACTIVITIES**

All impact assessment entails costs and takes resources from other areas of EDD activity. There is therefore a need for a clear linkage between impact assessment and ***learning for improvement in the development and management of ED activities***. Impact assessment is also often seen as very threatening by EDD partners. Furthermore the reliability of any information collected is critically dependent on the perceptions of those interviewed regarding the purpose and potential consequences of the assessment. There therefore needs to be clarity about:

- the purpose of the impact assessment
- whose interests it is intended to serve
- how the findings will be used.

This will affect:

- the types of questions to be asked
- the appropriate balance between rigour and cost

It is only then that decisions can be made about the optimum design of the assessment and methodologies to be used. This 'optimum design' will also depend crucially on ***institutional context*** for the investigation and ways in which the various stakeholders can contribute.

A focus of the service will therefore be on practical application and learning across the range of areas of EDD activities. This will include:

- consideration of IA design across the range of EDD policies in the form of a series of Practical Key Notes (See Box 2)
- institutional analysis and issues involved in stakeholder involvement and integration with decision-making (principally in the Core Text - see Annex 1, also Box 2)
- development of a database on the website of case studies and results of IAs carried out by ED projects supported by DFID and other agencies, with details of who to contact for further information and linked (where possible) to those other agencies' sites and their fuller reports of the IA.

Box 2 summarises issues to be considered in applying IA to ED activities.

## **BOX 2: ISSUES TO BE CONSIDERED IN APPLYING IMPACT ASSESSMENT TO ED ACTIVITIES**

### **2.1 PRACTICAL APPLICATION AND RELEVANCE OF IMPACT ASSESSMENT**

#### **a) relevance to purpose of any particular investigation, eg:**

- accounting for particular project and programme investments in preference to others
- improving the effectiveness of the activities of EDD and its partners
- developing and improving policy formulation with other governments & donors

#### **b) relevance to stakeholders, eg:**

- donors
- programme/project staff
- programme/project participants
- others affected by policy

#### **c) linkage of investigation to decision-making, eg:**

- clarity and timing of report
- credibility and presentation of findings
- methods of dissemination
- capacity building of stakeholders (including those studied) to ensure sustainable learning once the particular investigation has been completed

### **2.2 SUGGESTED TOPICS FOR PRACTICAL KEY NOTES BASED ON EDD'S**

#### **CURRENT RANGE OF ACTIVITIES, PROJECTS AND PROGRAMMES**

[Fair trade](#) (desk study)

[Regulatory frameworks](#) (desk study)

[Business Development Services](#)

Business Associations and Market Linkages

Business & vocational skills development

Rural development projects

Appropriate & Innovative Technology projects

Social and environmental enterprises

Informal sector development and support services

Tourism initiatives

[Privatization of state-owned enterprises and services](#)

### **3 IMPACT ASSESSMENT IN RELATION TO EDD'S WORK AND DFID'S OVERALL DEVELOPMENTAL OBJECTIVES**

EDD activity currently encompasses not only work at the micro-level with individual projects but also the macro-level including regulatory frameworks, fair trade, work with large-scale industry and sectoral initiatives e.g. tourism. In all these areas EDD activities have both potentially positive contributions which could be further developed and potentially negative impacts which need to be avoided where possible. Impact assessment has a crucial role to play in identifying both these potential contributions and negative impacts and thus to improving both micro- and macro-level policy in terms of:

- Accounting for particular project and programme investments in preference to others
- Improving the effectiveness of the activities of EDD and its partners
- Developing and improving policy work with other governments and donors

In order to accurately reflect the range of aims of EDD under the broad-reaching goal of equitable growth and sustainable livelihoods, impact assessment needs to adopt a multi-dimensional approach. This includes, but is wider than, assessing impact on household income.

Cross-cutting DFID's, and thus EDD's, work is the broad goal of elimination of poverty. **DFID's work is underpinned by two frameworks:**

Human Rights framework  
Sustainable Livelihoods framework

In addition, DFID has developed a series of **Target Strategy Papers** (TSPs) which guide its activities in the context of the above frameworks.

EDIAIS will look at how IA methodologies can be applied to ED's activities in moving towards achievement of the aims of these TSPs, and provide the basis on which EDIAIS will relate indicators and processes of IA to EDD's work.

Box 3 summarises impact assessment of ED activities to DFID's developmental objectives.

**BOX 3: RELATING IMPACT ASSESSMENT OF ED ACTIVITIES TO DFID'S  
DEVELOPMENTAL OBJECTIVES**

**3.1 DFID'S DEVELOPMENT FRAMEWORKS**

**- Human Rights Framework applied to IA of ED activities:**

how does ED contribute to the rights necessary for survival and dignified living; social protection, liberty and physical security; human dignity, creativity, intellectual and spiritual development?

**- Sustainable Livelihoods Framework applied to IA of ED activities:**

how does ED contribute to individual's, households' and communities' capabilities, assets and activities required for a means of living, which can cope with and recover from stresses and shocks, while not undermining the natural resource base?

**3.2 DFID'S TARGET STRATEGY PAPERS (see Note at end of document)**

**- Halving Poverty:** this is central to EDDs work, incorporating its core enterprise development support to the legal and regulatory environment for private sector activity, business development services and micro-finance

**- Making Government Work for Poor People:** building stronger links between government and the private sector is essential to ensure both fulfill their responsibility to the public good

**- Meeting the Urban Challenge:** this provides an opportunity to explore partnership arrangement with communities and enterprises which link physical improvements in infrastructure with the creation of employment and small enterprises

**- Poverty Eradication and the Empowerment of Women:** provides an opportunity for EDD to develop specific gender skills and understanding of how to further the gains in socio-economic empowerment, linked to EDD's knowledge of ED processes

**- Environmental Sustainability & Eliminating Poverty:** an opportunity to improve understanding of the environmental impact of enterprise development, and its scope for enhancing business opportunities

**- Human Rights for Poor People:** greater use of participatory techniques to enable people to better understand and exercise their rights

**- Addressing the Water Crisis:** EDD has a potential role to support enterprises as users, suppliers or polluters of water

**- Better Health for Poor People:** two components of this TSP are particularly relevant for EDD - health care financing, and the involvement of the private sector in health care delivery

**- Education for All:** EDD has a role to play in developing a coherent approach towards educating for enterprise

#### **4) SUMMARY OF EDIAIS :**

**EDIAIS will be a dynamic information service, with initial material being constantly under review and continually updated in the light of a facilitated discussion forum involving EDAs and a network with other specialists, donors and southern organizations. Each document will also contain links to other key sources of information and advice.**

The starting point for EDIAIS will be to identify the implications of these concerns for ED impact assessment.

On the website EDIAIS will produce a series of interlinked documents giving practical guidance in design and methodologies for Impact Assessment

- **a Core Paper on Impact Assessment techniques** will give detailed guidance for commissioning and managing IAs, as well as overview of the assessment framework, methodologies and levels. It will provide links to examples of practical tools and case studies in each area.
- **a series of Practical Key Notes relating to different areas of EDD activity.** These will give detailed guidance on applying IA techniques in the context of specific areas of EDD's work, as well as an overview of current debates, innovations and best practice.
- **a series of short and practically-oriented notes** outlining the issues and debates relating IA in the context of ED activities to each of DFID's underpinning approaches to development (HR & SL) and the Target Strategy Papers. They will identify the implications for EDAs of the questions to be asked in impact assessment.
- **database of case studies and results of IAs** carried out by ED projects supported by DFID and other agencies, with details of who to contact for further information and fuller reports.

In addition EDIAIS will produce:

- **three commissioned desk-studies** of regulatory environments, fair trade and micro-finance, and
- **provide advice to EDAs**

A diagrammatic overview of proposed structure for EDIAIS is set out in Annex 2.

NOTE Ref Box 3, see Memo from D Stanton to R Manning and others, dated 12 June 2000, and report entitled: "Implications of TSPs for Enterprise Development Department"

ANNEX 1: SUMMARY OF ISSUES TO BE INCLUDED IN CORE TEXT:

What is IA?

- IA applied to ED activities
- Principles of IA related to ED: methodologies covering scope, targets, indicators, unplanned impacts, stakeholder involvement, assessment, measurement, corrective action, learning
- IA in practice: tailoring IAs to specific ED project needs; linking IAs to DFID strategies and objectives
- Incorporating IA into planning and management: eg relationship to logical framework and project management cycle reporting requirements
- Conducting an IA: what can/cannot be done by EDAs, and project staff themselves
- Commissioning an IA: key principles of defining scope, setting TORs, costing etc; possible mixes of techniques within one IA
- Techniques for IA: summary of techniques and their applicability; varying degrees of quantification/process analysis/participation in each technique
- Issues in IA best practice

The full text will probably be downloadable as a single PDF document. Each section of it should be able to stand on its own when viewed on the website. Where appropriate, each section will use **boxes, bullets, diagrams etc.** to maximise legibility

Will link closely throughout to work being done in other parts of DFID (e.g. PRISM, M&E Dept)

ANNEX 2: OVERVIEW OF PROPOSED STRUCTURE FOR EDIAIS

