A SYSTEMIC APPROACH IN THE IMPACT MEASUREMENT AND MANAGEMENT

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About

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Disclaimer

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Abstract: In this paper, the concepts of impact and impact assessment and management are introduced, outlining the differences between assessment and evaluation, and highlighting their growing importance in the international and European communities.

In the second part, underlying reasons for undertaking this research are presented, introducing the methodology designed and adopted by Microfinanza which relies on indicators concerning the three dimensions, i.e. economic, social and environmental.

Thirdly, two case studies are presented in order to better explain and practically implement the theoretical framework prefaced in the first part. They are not real-life cases, but they do show how the set of indicators should be applied in two different scenarios. One represents its adoption by a Microfinance Institution (MFI), presenting the impact assessment on financial supply side which aims at understanding how financial institutions could apply this aspect into their daily work. The second one, which is an impact assessment of a financial education activity, displays how the set of indicators could be used for evaluating impact assessment of specific activities.

Lastly, the importance of impact assessment and the future steps are outlined, underscoring the growing importance of this practice at different levels and for different stakeholders.

CHAPTER 1

Introduction to impact and impact assessment

Impact is defined as "a powerful effect that something, especially something new, has on a situation or person" (Cambridge Dictionary, 2019). Since the 2000s, its measurement has become a priority for both public and private organizations, independently from their vision and mission statements. The word "impact" has come to different means and nuances: private investors talk about "impact investing", whereas social actors refer to "social impact" and "social change". Moreover, the urgent need of finding solutions to climate change has pushed the international community to focus on the environmental dimension widely defined as environmental sustainability. Thus, impact measurement, independently from the different significances we do give to this word, being able to quantify and measure medium- and long-term impact of our interventions, is a top priority.

The power of impact is important as it has consequences, both positive and negative, on a certain person, a community, a situation, or an environment. In order to study the impact, we do distinguish between two types of evaluation:

1. Impact **analysis** &
2. Impact **assessment**

According to the OECD (OECD Directorate for Science, Technology and Innovation, 2014), impact analysis is "part of the needs analysis and planning activity of the policy cycle", taking into consideration what the impact of an intervention could have or be, and is used to inform the policymakers. Therefore, this analysis is an *ex-ante* evaluation. On the other side, impact assessment is "part of the evaluation and management activity of the policy cycle" and is conducted *ex post*. However, we do underline that many international development organizations have given a definition of what impact is and apply it to their field of intervention.

In sum, we can say that the main difference between analysis and assessment is the different time perspective: the first is prospective, meaning that it is conducted in the first phases of project or program planning looking forward the interventions to be executed, whereas assessment is retrospective and *ongoing* as it focuses on the effect of the interventions.

1.1) IMPACT ASSESSMENT AND THE THEORY OF CHANGE

Impact assessment can be also linked to the **Theory of Change** (ToC). According to the Center for the Theory of Change (Center for Theory of Change, s.d.), it is "essentially a comprehensive description and illustration of how and why a desired change is expected to happen in a particular context. [...] It does this by first identifying the desired long-term goals and then works back from these to identify all the conditions (outcomes) that must be in place (and how these related to one another casually) for the goals to occur". Following the definition, we need to identify an Outcome Framework which provides the basis for appoint all following activities and interventions – it is fundamental to start from the Outcome in order to have a broader and

clearer picture of the entire sequence chain (from propaedeutic activities, identification of inputs, and actions, to impact). A ToC also helps to identify the underlying assumptions and risks and it will be vital to understand and revisit throughout the process to ensure that the approach will contribute to the desired change. Nowadays, ToC has gained the attention of international agencies, organizations and aid workers as it goes a step further than the well-established LogFrame. However, as this paper is not dedicated to different project evaluations in international development context, we do not go deeper into the topic, but will give a glimpse of it. In brief, the theory of change starts from the desired change (impact) and investigate the activities and/or intervention that could lead to it.

Briefly, here as follows the main parts of the theory of change (or "results chain"):

i) **Input**. The first element necessary to set up activities and interventions
ii) **Activities** or **interventions**. Actions undertaken to carry out a task
iii) **Outputs**. The results of the activities, which can be improved capacities, capabilities, skills, systems, policies; they can also be tangible elements such as something built, created or repaired
iv) **Outcomes**. A further level of result which can be understood as the effect resulting after a short/medium period. Outcomes can hardly be controlled, as opposed to outputs.
v) **Impact**. The ultimate level of result, where the effects of intervention cannot be seen in the short or medium term, but for which it is necessary to wait for years to see the effective improvement of certain conditions. Both outcome and impact concern a change in behavior or in performance.

What is the relationship between theory of change and impact assessment? It is considered to be mutual:

- As theory of change looks for social change, impact assessment is a useful tool to identify data which need to be collected/gathered and for finding out indicators for output, outcome and impact in a short/medium- and long-term perspective.
- ToC focuses on the long-term impact, studies the "long chain of cause-effect relations" and acknowledges the complexity of development and change processes (Gerard & Saskia, 2015). All these elements can be reconducted to the impact assessment which aims at describing and measuring the changes occurred along the chain

To sum up, impact assessment is based on indicators used to monitor progresses in the ToC. It is important to clarify that, in some cases, for operational reasons, and for the sake of effectiveness, it is only possible to focus on outcome assessment, instead of considering impact assessment.

CHAPTER 2

Methodology and data collection

As stated in the previous section, impact assessment is crucial to demonstrate the effectiveness and efficacity of an intervention, both financial and non-financial. However, for the sake of this working paper, we will focus on microfinance interventions at European level. In the last years, Microfinanza has developed a methodology which involves three dimensions, Economic, Social and Environmental, and a set of indicators retrieved from different sources and from own elaboration, based on the long international field experience in different contexts.

It is important to note that impact assessment is very precise and differs from evaluation: in fact, this latter answers to many questions and focuses on broader aspects of intervention. Being very narrowed down on specific topics, impact assessment needs a restricted framework, answering to:

- **What** kind of impact we aim to investigate;
- **Whom** the impact concerns;
- **How** the impact is;
- **When** the impact materializes.

The following sections present the method used by Microfinanza in order to answer the questions.

Before proceeding, it is important to emphasize the link between impact assessment and microfinance. In fact, if we consider social and environmental dimensions, microfinance may have a positive social impact or may generate positive externalities, but we need to learn how to measure and capture them. Moreover, in the last year, an ongoing study and research was conducted by the company (Microfinanza Srl, 2019), in order to stimulate debate inside and outside the microfinance industry. The pioneering and ambitious study was focused on the link between impact and indicators, being the latest referred to Social Development Goals (SDGs) as well. SDGs can be defined as "urgent call for action [...] in a global partnership" (United Nations, s.d.) and has gained worldwide attention at different levels. The over-mentioned 17 goals aim at "eradicating poverty in all its forms and dimensions, including extreme poverty" (United Nations, 2015), being committed in achieving sustainable development in different dimensions – Economic, Environmental, Social and Governance. The Agenda 2030 is based on principles and purposes of the Charter of the United Nations, including full respect for international laws, on Universal Declaration of Human Rights, on Millennium Declaration and on 2005 World Summit Outcome. It is important to highlight that the dimensions are deeply related one to the other, in order to reach a sustainable development: we strongly believe that economic development cannot ignore the **scarcity** or non-reproducibility of natural resources and factors, especially water, and the **necessity** of starting a responsible action towards nature.

The underlying reasons that have led to this Agenda are above others the extreme poverty billions of individuals suffer from, and the lasting inequalities, including gender ones. Therefore,

Microfinanza has decided to adopt the SDGs as reference scheme for the indicators to be used for conducting an impact assessment study: in fact, poverty is a multidimensional concept, referring not only to material poverty, but also to lack of health, education and decent living standards (Oxford Poverty & Human Development Initiative, 2019). Therefore, the links between SDGs, impact assessment and microfinance are clear: the latest is one tool through which deprived individuals can try to drop out from the poverty trap, being financially and socially included. However, the microfinance sector is strongly in need to demonstrate benefits of financial and social inclusion and whether access to finance may improve incomes, capacities, empowerment, well-being and opportunities of clients served by the different financial institutions (Microfinanza Srl, 2019). The broad nature of financial inclusion requires the adoption of a holistic approach, considering several dimensions related to the social, economic and environmental capital, which is why the methodology suggested by the company focuses on these three dimensions responding to the triple bottom line. Moreover, we have been investigating the meaning and importance of financial and non-financial services through the analysis of the above-presented dimensions and capitals, and by focusing on five key categories of stakeholders such as clients, microfinance providers, investors, public institutions and donors and intervention community.

In fact, a set of indicators must be established in order to monitor and analyze the loan portfolio and credit history of the client. The proposed set of indicators should be consequently embedded in the MFI data collection procedures and become standardized, in order to enable the production of reports, for internal and external use.

2.1) METHODOLOGY

The hereby presented methodology is an approach suggested by Microfinanza based on its multi-year experience inside and outside Europe in socially and economically different contexts.

<u>WHAT</u>

To circumscribe the impact, we do consider three different **dimensions**: Economic, Social and Environmental.

Firstly, the **economic** dimension represents the capacity to satisfy essential needs for individuals and groups of individuals through the creation of economic added value. It is the most viable dimension to study and to deepen as it is composed of figures and numbers. Secondly, the **social** dimension concerns values, norms, roles and rules, and influences the human behavior. Sustainable social dimension can be related to the concept of quality of life of individuals, groups and communities which does not necessarily correspond to a high level of economic status. It is also characterized by the presence of positive, neutral and negative externalities caused by human action. La, the **environmental** dimension represents all those elements such as activities, products and services which interact with the environment. It deals with fragility of ecological and biophysical systems and their interactions. It is characterized by the presence of negative externalities having a negative impact on the environment. in this

context, the word *environment* is to be understood in its natural and ecological sense and not as the external context surrounding a given situation.

WHO

Once the dimensions are identified, we need to clearly define the **stakeholders**, who have a twofold dimension of "interest", meaning that they are interested because of the results of the impact assessment, but also interested because they are affected by it. In particular, in the context of the impact assessment of microcredit program, five stakeholders can be identified:

i) **Client**
ii) **Microfinance provider**
iii) **Intervention community**
iv) **Investors**
v) **Public institutions and donors**

At the European level, we talk about microcredit providers (MCPs), and not microfinance institutions (MFIs). They are all banking and non-banking institutions providing microloans up to EUR 25,000[1] to entrepreneurs (i.e. small enterprises), to social economy enterprises, to individuals wishing to become self-employed, or to unemployed (Kraemer-Eis & Conforti, 2009).

Here as follows a summary of stakeholders and their positioning is presented:

Dimensions and capitals	Economic				
	Social				
	Environmental				
Stakeholders	Clients	Microfinance Providers	Intervention community	Investors	Public Institutions and Donors
Positioning	Client micro level	Market level	Meso Level	Meso and Macro Level	Meso-Macro Level

HOW

As previously mentioned, to measure the impact, Microfinanza has developed a set of indicators all meeting the following criteria:

1. **Stability**: a good indicator should be useful and used for a long time (we should stick to the same indicator throughout the whole analysis, not changing it on the way)

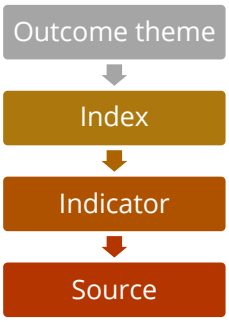
[1] Limit raised to EUR 40,000 according to art. 49 of National Law n. 18 dated 17/03/2020

2. **Comparability**: a good indicator should be useful to compare data of homogenous institutions, projects, programs and situations
3. **Functionality**, **specificity** and **measurability**: a good indicator should be feasible (in terms of financial means and timing) to collect these data.

The indicators are related to the three dimensions and refer also to the SDGs. They are both quantitative and qualitative and refer primarily to an index ("synthetic index") which is then associated to an outcome.

In the European and microcredit framework, impact assessment follows this path:

- Identifying the target and goals to be achieved, analyzing vision, mission and values of the MCP;
- Selecting and developing indicators;
- Updating or adjusting Monitoring Information System (MIS);
- Organizing data collection as embedded procedure;
- Analyzing data and working out the reporting.



The hierarchy of analysis is the following:

- Outcome theme defines the macro area ("What is the expected outcome?")
- Index defines the desired change ("Which kind of change is the stakeholder looking for?")
- Indicator stands for the measure of the change
- Source represents where the information is retrieved

As an example, here follows the scheme functioning for the economic dimension:

Decreased Economic Poverty Fight against poverty and social exclusion is at heart of Europe 2020 Strategy for smart, sustainable and inclusive growth	**Change in income** People are living in situation of material deprivation; household incomes are low in several situations and due to unemployment situations, many people at-risk-of poverty	• Increase of net income per client over the previous 12 months • Increased savings capacity of the client/household (by measuring the savings) – WB indicator	i.e. Question to the client: What was your annual income in 2018? What is your annual income in 2019? *Sources for key questions* Where are these answers recorded? (e.g. Monitoring Information System)

As seen above, the outcome theme is “Decreased Economic Poverty”, to which one possible index, “Change in income”, is associated. In order to undergo this index, we have indicated two indicators, i.e. “Increase of net income per client over previous 12 months”, and “Increased savings capacity of the client”. In particular this second indicator is retrieved from World Bank: indicators are designed by Microfinanza or by international organizations, such as United Nations (UN) Agencies or World Bank (WB). The last key question concerns where the information can be found and recorded; ideally it should be gathered by the financial institutions and inputted in the Monitoring Information System (MIS); according to the suggested approach, the impact assessment working plan should define from the beginning where information can be found and should ideally be archived.

2.2) DATA COLLECTION

Microfinanza strongly believes that **MIS** and its use should have a **central role** when studying and analyzing microfinance impact. Nowadays, the technology available in most of the financial institutions would allow to support data collection and entry processes on a daily basis into MIS; data could be further analyzed according to the selected set of indicators and desirable changes that stakeholders would like to follow through a systematic tracking of changes against the progression of time.

Firstly, we do underline that the proposed methodology can be used as complementary to other assessments. As a matter of fact, it is important to mention that our methodology can be a part of the overall approach to measure impact and sustainability. Quantitative and qualitative data assessment should be included as well to get a broader and more complete analysis of the impact of a certain activity, project or program. We do recognize that indicators are an easier tool to make different data set more comparable, but they are partial.

Secondly, data collection implies the conduction of specific interviews and questionnaires as well as Focus Group Discussions (FGDs) with the target population in order to gather all data that cannot be retrieved from international and national statistics. In the following paragraphs, practical examples of data collection are presented and applied to two different cases.

Lastly, it is important that relevant stakeholders are involved in design, conception, test, validation and definition of set of indicators, so that all values and concerns are included and considered.

CHAPTER 3

Case 1: Applying the set of indicators on an MFI – Impact assessment from supply side

The hereby presented methodology can be applied to both supply and demand side of financial and non-financial services. As explained in the previous paragraphs, the current study presents an example of indicators that can be used to measure medium- and long-term impact inside MFIs, considering different perceptions. In the following chapter we explore the supply side, and the set of indicators is applied to an MFI and its MIS. What we aim to present is a step-by-step approach for an effective impact assessment. We do underline that it should be **an embedded procedure** in the MIS, and that indicators should be **adapted** to different stakeholders, more specifically to their vision and mission.

3.1) WHO IS YOUR TARGET? WHICH GOALS WOULD YOU LIKE TO ACHIEVE?

The stakeholder looking for changes, i.e. outcome and impact measurement, should clearly **identify** its target and goals to achieve as well as required and desired kind of changes according to the three suggested dimensions: the Economic, the Social and the Environmental ones. These latter should be further interrelated and linked in order to promote progressive and positive changes at different levels. As a matter of fact, a positive change at the economic level should be capable to produce positive effects also at social level without having a negative impact (or, to express it in economic terms, without having a negative externality) on the environment. According to the approach suggested by Microfinanza, it is not enough to measure 'the number of jobs created, or the economic activities supported' as the other two dimensions, social and environmental, must be explored as well. Few questions may be considered, such as whether these jobs and economic activities are positively contributing to changes at household level or at community level, whether the social cohesion has improved, if the economic activities are environmentally sustainable in terms of proper use of natural resources and waste reduction. Once the target is clearly known and goals well identified, an appropriate set of indicators is defined and worked out according to changes to be measured in the short, medium- and long-term timeframe. It is thus important to set the target and goals to be achieved through the impact assessment in order to ask the right questions and to define the right data collection methodology.

3.2) SELECT OR DEVELOP INDICATORS

Microcredit Providers, donors, investors and public institutions usually use their own set of indicators to measure changes across programs and projects they support or to simply monitor if funds are efficiently used.

Financial institutions are increasingly focusing on their financial and social performances, in line with international best practices and procedures. However, despite the potential data being significant, few indicators are used and the signs of change are hardly graspable. It is not always clear what to measure, whether the measurement of processes is useful and how it can be used

internally or externally for analyzing results of ongoing activities and guiding decision-making processes, as well as serving reporting, communication or visibility purposes.

Consequently, the suggested methodology shall be used to identify a set of stable, comparable, operable, specific and measurable indicators (about 10 to 15), covering the three dimensions. Starting from the systematized ones provided by different authoritative source and by those suggested, indicators should be identified according to stakeholders' own measurement purposes. Selected indicators should be furtherly linked to SDGs and their monitoring framework.

Finally, selected indicators should be used to constantly capture and monitor changes against the progression of time; a data collection plan should be embedded in the MFI working procedures and the MIS should be used as a data collection tool.

A synthetic or a macro-indicator (such as the Social Return on Investment – SROI) may be key to ensure an adequate level of comparability. Nevertheless, in this case, it is necessary to clarify which are the assessment and weighting criteria used in the construction of the indicator: the more an indicator is useful and easy to communicate, the more is important to understand how it is build up.

3.3) UPDATE OR ADJUST THE MIS

Each Microcredit Provider has a specific MIS to manage account systems, portfolio and to track mainly financial performance through a set of financial indicators. An increasing number of financial institutions is chasing also social indicators according to internationally recognized social performance best practices and procedures endorsed by the microfinance industry[2]. At MIS level, inputs (data) and outputs (reports) shall be linked, too. To measure the selected set of outcomes, input must be the most adequate to measure expected changes. The work must be based on an adequate collection of data at the source to ensure that the same data can then feed the analysis of the outcomes according to the selected indicators. The MIS is the "core" of data management and is used for different reporting purposes at Microcredit Provider (MCP) level, for regulators, donors, partners and stakeholders. From our experience we can say that MIS and data stored are often underused and given the huge amount of data collected at field level by the staff and the technology, available outcomes measurement are largely improvable. Few refining might be needed at software level.

3.4) ORGANIZE DATA COLLECTION AS AN EMBEDDED PROCEDURE

The work must be based on an adequate collection of data at the source to ensure that the relevant and correct data can then feed the analysis of the outcomes according to the selected indicators. An internal data collection plan and related procedures should be defined and known by the staff which will then follow the process. The data must be constantly collected and entered the MIS for subsequent processing. It is key to anticipate the data that will enable the measurement of selected indicators.

[2] Social Performance Task Force, Cerise, Smart Campaign

3.5) ANALYZE DATA

Collected data according to a work plan and constantly imputed in the MIS will feed the outcomes analysis according to a previously selected set of indicators. Data analysis according to impact measurement objective should be an embedded practice allowing to have a clear understanding on outcomes related to the three dimensions: Economic, Social and Environmental. According to data analysis it will be possible to have a critical thinking on results achieved and analyzing data more in detail. Data will feed the set of indicators and a guidance of the outcome analyses will serve the leading of the operations of the institution according to its mission and vision. The steady availability of data with respect of its work objectives will facilitate the decision-making process by the Board of Directors, the external communication – towards partner and donors – and will improve visibility with respect to community.

3.6) WORK OUT REPORTING

The impact assessment should be used to steer and systematically analyze changes incurred at client and community level in the Economic, Social and Environmental dimensions. Reports can be a time-consuming exercise, if data are not constantly collected and managed, but certainly reports are relevant to every stakeholder and for internal decision-making process. Reporting can be used as way to present MFI to external stakeholders as well as to internal communication.

According to this approach, in the following pages an example of a set of indicators is provided for a microcredit provider having the following mission: "**Promoting employment, support and accompany micro-entrepreneurs, support financial education, promote transition to formal sector and promote social solidarity economy**". This data measurement is mainly based on data that can be accessible from the MIS or loan officers reporting documents; these last can be easily integrated in the MFI's MIS and the institution should just adjust the system in order to track also few new data. For some areas of analysis, information should be specifically collected such as data to monitor social and environmental outcomes are missing and a specific monitoring culture should be developed on these areas.

Given the importance of job creation in Europe, this set of indicators includes also a "bang for the buck" marker focusing on cost-benefit analysis. The bang for the buck provides an estimation on the cost per unit of employment created considering the overall financial support provided to financial institution.

In the following table, the three dimensions are listed, and some SDGs are associated to each of them. Moreover, for each dimension few indicators are presented, and data should be collected for three periods, covering one year (the period to assess medium-term impact assessment).

OUTCOME THEME: EMPLOYMENT PROGRESS	OUTCOME THEME: BUILD FINANCIAL WELL-BEING, RESILIENCE AND ACCESS TO FINANCE	OUTCOME THEME: ENVIRONMENTAL SUSTAINABILITY
Synthetic index: JOB CREATION	Synthetic index: FINANCIAL ACCESS	Synthetic index: IMPACT OF ECONOMIC ACTIVITY ON THE ENVIRONMENT
No. of employment units created as a result of the financial support provided by the institution, still working	Reduction in financial stress	Decrease of use of natural resource consumption
Increase in employment of youth (aged 15-24 years) not in education, employment or training	Greater satisfaction with financial situation	Reduction in waste production
Increase of personal income (or average hourly earnings) of the employment units created as a result of the financial support provided by the institution, still working	Reduced amount of time spent managing financial matters	% of businesses having enhanced material recyclability
Increase of skills level of the employment units created as a result of the financial support provided by the institution, still working	Increased financial stability (self-perceived resilience): 1. Perception that financial situation is the same or better than a year ago, 2. Expectation that financial situation will be the same or better next year)	Decrease in waste generation and achievement of environmentally sound management procedures for chemicals
Increase of formal employment in non-agriculture employment	Achievement of a financial goal	Decrease in energy use
SUSTAINABLE DEVELOPMENT GOALS FOR EACH DIMENSION		
		

CHAPTER 4

Case 2: Evaluating the impact of a financial education activity

While in the previous chapter the set of indicators was applied to the supply side, in the following paragraphs we consider an application example to the demand side. The selected case is a financial education activity and practical directions are included:

a) Defining sampling strategy

Sampling definition is important in order to collect trustworthy data which are representative of the universe of beneficiaries benefitting from financial education activities. When selecting the sampling, it is necessary to respect the gender and age distribution, as a way example using the stratification methodology.

b) Defining questions and indicators

Starting from the Theory of Change, we need to focus on a first sample of indicators among the three different dimensions. Firstly, the choice of indicators needs to focus on objectives to be reached, especially impact assessment of financial education and financial inclusion of our target.

Secondly, we need to define a baseline which identifies the level of competences and knowledges of the target on budgeting, inflows and outflows management, business planning and its management. The baseline needs to be conceived and built by defining the initial date (t0) whereas the end line represents the final date (t1, t2, etc.). We need to consider benchmarks at national level in order to enable a first comparison and to interpret correctly collected data.

When talking about non-financial services, especially financial education, impact assessment on the economic dimension is easy to predict. As a matter of fact, being able to manage one's own resources has directly consequences on personal finance and business.

Concerning the choice of outcome theme and indices, the three outcomes clearly identified by Microfinanza are:

1. Decreasing of economic poverty
2. Business development
3. Employment progress

To each outcome theme, different synthetic indexes capturing many aspects of economic dimension are associated:

a. Change in revenues
b. Change at household economy level
c. Increase of household level
d. Change in business

However, financial education is an activity which does not concern only the economic sphere, but the social one as well as non-financial services are usually linked to the increase of personal competences.

When talking about the **social dimension**, one of the outcomes identified by Microfinanza is the construction and consolidation of well-being, of resilience and of financial access. This outcome is composed as follow:

1. Financial well-being
2. Financial resilience
3. Access to credit

Main themes and activities are inflows and outflows recording and budgeting, savings management, debt management, access to formal financial services, and entrepreneurship.

Following the Theory of Change, the baseline is based on the following input: financial resources, competences, knowledges, attitudes and behaviors.

Before any kind of assessment, *ex-ante* objectives need to be defined according to the target by giving a percentage to each index. For instance, needs and behaviors of a relatively young target group are different from needs and behaviors of an older target.

Once the objectives of the assessment are clear, we need to identify the indicators and/or benchmarks for each input category as per activity or main theme. These indicators will be then useful to create and build the questionnaire.

For example:

Input	***Financial resources***	***Knowledges***	***Competences***	***Attitudes***	***Behaviors***
Activity	**Budgeting and inflows/outflows recording**				
Indicator	Monthly / annual revenue	Budget components	Keeping track of money inflows/outflows	Creating a savings plan	Keeping track of expenses in a regular manner
Question	*Which is the monthly/annual revenue at time N?*	*Which are the budget components?*	*Do you track the money you earn and the money you spend?*	*Do you use a savings plan?*	*Do you regularly keep track of every expense?*

Subsequently, we need to consider one of the outcomes linked to the social dimension, for example the construction of financial well-being, of financial resilience and access to credit, divided into synthetic indices:

Outcome	**Construction of financial well-being, of financial resilience and access to credit**		
Synthetic index	**Financial well-being has increased**	**Financial resilience has increased**	**Access to credit has increased**
Indicators	Stress reduction	Being able to face emergency/unforeseen expenses	Use of another financial product proposed by the MFI
Question	*Has the stress decreased if compared to t N-1?*	*If you need to spend money for an emergency, are you able to pay it?*	*Have you recently started to benefit from another financial product and/or could you increase the amount requested to MFI?*

In the same way, **environmental dimension** can be analyzed as well.

c) Defining and conceiving the questionnaire

The first question concerns the **change**: in the frame of an impact assessment of financial education, one possible question is: "Has the financial education training session been a determining factor in the success of a business and in the improvement of life conditions?". Secondly, **follow-up questions** to clarify, verify and complement the main question, such as "How much did the person save in the year N? How much did he/she save in the year N+1? Did changes and improvements in life conditions occurred in the years N and N+1? Were improvement at house level done?". Those questions need to refer to the three dimensions considered. Finally, the baseline is a first evaluation of the target and it allows to measure the initial level of many aspects related to the three dimensions; the end line is an evaluation after a specific period of time (one year for a short-term outcome, two years for a mid-term outcome, and four years for a long-term outcome).

d) **Test with Focus Group Discussions (FGDs) & Control and application of the questionnaire** (if the case, translation from English/French to local languages)

The test with a sample of beneficiaries is necessary in order to understand the efficacity, the efficiency and the coherence of the questionnaire elaborated in a first phase.

e) Training of trainers on financial education and impact assessment

During a financial education training, it is important that knowledges and competences are transferred to local staff.

f) Other discussion groups in parallel for continuing to test the efficacity and efficiency of the questionnaire

Additional open discussions with target groups and individuals might be organized to further collect data and test the efficiency of the data collection methods and the clarity of the questionnaire.

g) Data entry in an Excel sheet or into another analysis tool & data analysis

An Excel sheet as well as other tools should be used to input and analyze data and to make figures comparable and understandable overtime. Data analysis depends on the type of questions that were asked to the beneficiaries. In fact, as stated by Greet (Greet, 2014), descriptive questions require methods involving quantitative and qualitative data; casual questions require a research design which can address attribution and contribution; finally, evaluative questions require strategies that can synthetize and be applied to the evaluative criteria.

CHAPTER 5

Conclusions

5.1) WHY HAS IMPACT ASSESSMENT BECOME SO IMPORTANT?

According to Hearn and Buffet (Hearn & Buffard, 2016; Authors, 2018), there are many economic and political factors which have led to a growing interest for the topic of impact assessment in the last twenty years. They state that a possible explanation is the reduction of financial resources available for international development programs, provided by donors and agencies – and consequently the need for justifying the use of those financial resources; another reason might be the fact that in international development projects and programs, "welfarism" has somehow failed to alleviate poverty, and social and financial exclusion; therefore, there has been a growing need of being able to state and clarify how money was spent.

Another possible reason could be the need for overcoming the mere assessment of interventions from the economic point of view. In fact, a vast and broad literature was produced in the last years, stating that other dimensions need to be taken into consideration, such as the social and the environmental ones. In this sense, evaluating the external determinants which are not taken into account by the market, becomes a key element.

5.2) IMPACT AND SUSTAINABILITY

Impact assessment is a transversal topic which can be related to many others such as sustainability. In fact, as stated in the comprehensive work "Sustainability: A Comprehensive Foundation" (Theis & Tomkin, 2015), "sustainability indicators are needed to improve our understanding of the nature of human demands on ecosystems and the extent to which these can be modified". So, impact assessment can be also useful to make this understanding easier and more comprehensive.

Furthermore, impact assessment can be helpful for the stakeholders who need to give evidence and transparence of their actions and performances, not necessarily economic, but environmental, social and governance. For instance, at European level, in 2016 a High-Level Technical Expert Group on sustainable finance was created with the specific aim to elaborate a common European strategy on sustainable and green finance. One of the objectives of this HLTEG is to improve transparency concerning societal communication: in fact, private entities are not required to communicate only about financial information, but also non-financial. It is then clear that impact assessment and its communication towards internal and external stakeholders are important.

In this sense, impact assessment may become one of the major and key topics in the following years. As Ursula von der Leyen, President at the European Commission states, even in times of crisis (i.e. COVID-19), "the political necessity is as strong as it was before the crisis, because climate change and global warming did not stop – they will keep on going. So, to fight it is in our

own interest if we do not want to pay heavily for the costs of non-action". It is clearly necessary to "kick-start our economies and drive our recovery towards a more resilient, green and digital Europe". For this reason, we need to promote a new paradigm, in which productivity, environment, stability and social rights are ensured, interconnected and disseminated. In the following years, we will witness a transition towards a new idea of sustainable finance, with capitals dedicated to sustainable investments, sustainability integrated in the internal risk management system, and a promotion of the transparency and compliance, together with a long-term vision and strategy.

In all likelihood, private actors and entities will be prompted to become more and more familiar with non-financial information on their social and environmental impact disclosures (all the more considering the legal requirements and outlooks related to the EU Directive 2014/95).

Impact measurement, its analysis and management, will become a key component in reporting comparable and reliable non-financial information. Moreover, a sufficiently structured scheme may be essential to face complexity and avoid unnecessary costs related to reporting non-financial information.

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