

Monitoring Policy Impacts (MPI)

The Role of MPI in Policy Formulation and Implementation



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by

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1. SUMMARY

Monitoring Policy Impacts (MPI) is a policy management instrument, applied to improve the efficacy of policies in reaching their objectives. MPI identifies diversions of reality from plan when they occur, as well as the causes of such diversions, thus allowing immediate corrections, if required, and respective adjustments in policy design and implementation. With its special features – focussing on impacts at policy level, tracing of flaws, timeliness of recording and feed back - MPI is related to but distinct from other conventional monitoring and evaluation concepts, such as implementation monitoring, project and programme monitoring, and evaluations which are conducted ex-post in longer time intervals only.

The purpose of MPI is to find out whether or not policy implementation is “on the right track”, i.e. works towards reaching its objectives. If developments depart from what is intended, it can be due to different reasons: The policy objectives may not have been clearly defined, inappropriate policy measures may have been selected, there might be flaws and deficiencies in policy implementation, or important conditions may have changed since the policy was designed. According to the causes of diversions, different policy impact scenarios are set out.

MPI has become increasingly relevant in recent years, particularly in the context of the new approaches to international development co-operation, moving away from single project and programme assistance towards budget and policy support. MPI can be applied to assess the impacts of macro and sector policies, of particular policies, such as sector investment, market reform, irrigation, food security or gender policies; it can also be applied to trace specific effects of policies which are regarded to be of particular importance.

The specific features, potentials and conditions of an MPI system depend on a number of factors to be taken into consideration when an MPI system is being set up: Existing capacities and possible needs for capacity building, costs and funding, the time frame for impacts to materialise, the choice between quantitative and qualitative approaches to impact assessment, the issue of multiple outcomes and to attribute observed changes to specific interventions, and the condition that the results of MPI are accepted and seriously considered by the policy makers.

2. INTRODUCTION: OBJECTIVES AND PURPOSE

Objectives

This module serves as an introduction into and an overview of MPI. It shows the relevance of MPI and its role in the process of policy formulation and implementation.

This introductory module in MPI closely links to three further EASYPol Modules:

- EASYPol Module 057: [Monitoring Policy Impacts \(MPI\): The Eight Methodo-logical Steps for MPI](#)
- EASYPol Module 058: [Monitoring Policy Impacts \(MPI\): The Application of the Logframe Method](#)

- EASYPol Module 059: [Monitoring Policy Impacts \(MPI\): Setting-up and Organizing MPI](#)

Once a decision is taken to embark on policy monitoring, these three further modules on MPI provide guidance for the steps to be taken, the methods and tools to be applied, for a suitable organisational structure to be set up and the human and material resources to be mobilised.

Target audience

Potential users of this module are policy makers, their professional support staff and other stakeholders concerned with policy preparation and implementation. Users will become acquainted with the main features, utility, applicability and limitations of MPI, and get an idea of how the efficacy of policies in reaching their objectives can be enhanced through MPI.

Required background

No specific technical background, beyond reasonable language skills, is required for this module. However, it is anticipated that individuals with a degree in economics, and agricultural or rural development related areas, and those with several years of experience in agricultural policy analysis or development planning and implementation, at a mid to senior level position, should have little difficulty in grasping the module's content.

The trainer is strongly recommended to verify that trainees have a minimum understanding in micro-economics. If this background is weak or missing, the trainer may consider to join a glossary to the module.

3. MPI: A POLICY MANAGEMENT INSTRUMENT TO INCREASE POLICY EFFICACY

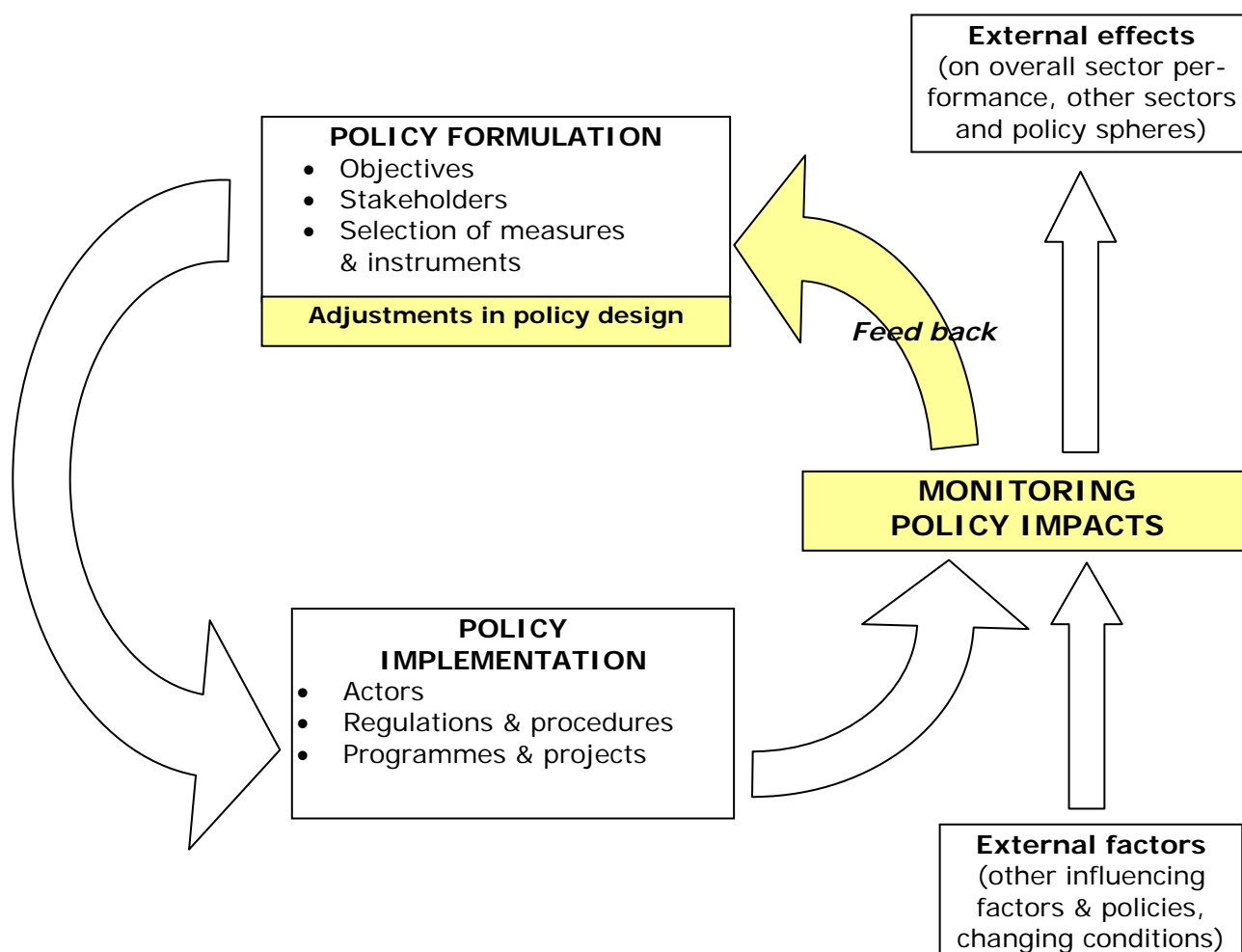
Policies are pursued in order to induce changes in a society and economy towards achieving desired objectives. Monitoring policy impacts (MPI) is a **policy management instrument**, to:

- trace and analyse the **effects** of policies,
- assess the **effectiveness** of policies in reaching their objectives,
- identify **critical factors** in the process of policy formulation and implementation which affect the effectiveness of policies in reaching their objectives,
- identify **external factors** (other relevant factors and policies) determining policy impacts,
- identify crucial external and unintended **side-effects** of policies,
- and to provide prompt **feed-back on the results of MPI** to the policy makers,

so as to allow **real-time adjustment in policy design and implementation** towards increasing the effectiveness of policies in reaching their objectives.

Figure 1 illustrates the role of MPI in the process of policy formulation and implementation.

Figure 1 - The role of MPI in the process of policy formulation and implementation



4. MPI IN RELATION TO OTHER MONITORING AND EVALUATION CONCEPTS

MPI is part of an overall M & E system; it has strong linkages but also peculiar features vis-à-vis other monitoring and evaluation concepts. In order to understand the role of MPI in the cycle of policy formulation and implementation, it is necessary to keep the following differentiations in mind:

- monitoring at different level of aggregation: Policies vs. programmes and projects,

- monitoring of impacts vs. implementation,
- monitoring vs. evaluation.

The specific features of the different monitoring and evaluation concepts are set out in Table 1, and the subsequent Box 1 illustrates the application of the different M & E concepts with regard to the example of food security related policies and programmes.

Table 1 - Comparison of different monitoring and evaluation concepts

Criteria	Monitoring and Evaluation Concepts, Main Features	
Level of aggregation: Policies vs. programmes & projects	<p>Policies are set at aggregate, high hierarchical levels (macro, national, sectors) and aim at wide-spread (country-wide) impacts. Subject of policy monitoring are the policy objectives, strategies for and means of implementation and the policy impacts. A policy monitoring system is organised at central level, with linkages to but based on programme and project monitoring.</p>	<p>Programmes and projects (P&P) are set at lower hierarchical levels and are more narrowly defined in terms of objectives set, issues and/or target groups addressed and/or geographic areas covered. Monitoring at P & P level is organised by the P & P management. Ideally, P & Ps form part of a strategy for policy implementation, and the results of P & P monitoring feed into the policy monitoring system.</p>
Monitoring of impacts vs. implementation	<p>Impact monitoring traces and assesses the outcomes of policy / programme / project interventions in regard of overall objectives set and possible unplanned side effects.</p>	<p>Implementation monitoring of policies / programmes / projects covers financial and other inputs used (accounting / input monitoring), activities performed (activity monitoring), outputs achieved (output monitoring), and compares actual achievements with plan.</p>
Monitoring vs. evaluation	<p>Monitoring is a continuous exercise, internally organised by the organisation in charge of policy / programme / project management, to generate real-time data and information on policy / programme / project performance regarding implementation and/or impacts as basis for management control, for being able to trace possible diversions between reality and plan in time and hence to make necessary adjustments as early as possible.</p>	<p>Evaluation: Specific reviews of policies / programmes / projects; a singular or sequential exercise, often externally initiated and organised by higher level decision makers, supervising bodies and financing agencies, in order to provide evidence on performance (efficiency, relevance, effectiveness, sustainability) as basis for decisions on extension, expansion, modification and/or replication of interventions.</p>

The following Box 1 presents an example of an application of the different monitoring and evaluation concepts to the case of a food security policy and related food security programmes and projects.

Box 1 - Example of different M & E concepts applied to a food security policy and related programmes and projects

In pursuance of the Millennium Development Goals (MDG), **the Government of country X** has designed a food security policy with the objective of eradicating hunger and malnutrition of its population. Based on an analysis of the present state of food insecurity, its causes and effects, it was found that the food security policy needs to address the issues of insufficient access to food for poor and vulnerable population groups, of insufficient food supplies, and that provisions have to be made to cope with food emergencies in the case of natural disasters. Accordingly, the following policy interventions have been defined under the food security policy:

- A **programme to promote agricultural and food production**, composed of several sub-programmes (e.g. research and extension, input supply, marketing, etc.); the programme is intended to serve the dual objectives of increasing domestic food supplies as well as increasing farm income, hence improving access for the majority of the rural population,
- A **national safety net programme** for specific vulnerable groups,
- A project to set up an **emergency food security reserve**.

Specific objectives and targets have been defined for each programme, sub-programme and project, and different government- and non-governmental organisations were entrusted with their implementation. Each of these organisations is required to establish a monitoring system, to record the inputs (financial, material, manpower) used, the activities performed and the outputs achieved. In the case of the safety net programme, such system of implementation monitoring covers, for example, the following issues:

- **Input monitoring:** Staffing, office and office equipment, cars, financial inputs, etc.
- **Activity monitoring:** Staff recruitment and training, organisational set up and management, identification of vulnerable groups, registration of beneficiaries, management of resources, distribution of assistance (e.g. food aid or cash assistance) etc.
- **Output monitoring:** Number of (different groups of) beneficiaries actually reached, contribution of assistance to household food supplies, etc.

A monitoring system for the food security policy to be established at the national aggregate level will have to take account of the progress achieved in the implementation of all programmes and projects implemented under the policy (implementation monitoring at policy level). Besides the progress in policy implementation, as documented by the compiled monitoring reports of the programmes and projects, it will be of particular importance to know, whether and to what extent the bundle of all policy interventions is working towards achieving the policy objectives and brings about an overall improvement of the food security situation. This to assess is subject of MPI.

Complementary to monitoring as a continuous exercise, internally organised and accompanying the implementation process, certain programmes, projects or the policy as a whole may become, after a certain time lapse, subject of in-depth evaluations. Typical are mid-term and final evaluations.

Subject of this module¹ is monitoring policy impacts. This means that we will focus on:

- **policies** rather than on programmes and projects, but we will have to consider monitoring of programmes and projects to the extent that they form part of a policy implementation strategy;
- **impacts** rather than on implementation, but taking into account that monitoring of the implementation process is a prerequisite for tracing impacts, i.e. in order to be able attribute observed changes to the actual mode and state of policy intervention. While implementation monitoring is confined to issues related to the implementation process as such, impact monitoring concentrates on the outcome of this process. These are the effects of policies, programmes and/or projects on specific population groups, on the society and on its economy in a certain area or as a whole, as well as on the environment. Apart from planned and desired impacts, as reflected in the policy/programme/project objectives, there are also possible unplanned and/or undesired impacts and side-effects to be considered.
- **monitoring** rather than evaluation, accompanying the implementation process and putting emphasis on the generation of current evidence on performance and impacts which allows real-time adjustments in policy, programme and project design and/or implementation if deemed necessary. Generation of current data and evidence often requires the application of adapted compromise approaches and rapid assessment techniques (e.g. qualitative approaches), while evaluations, on the other hand, usually emphasise in-depth ex-post assessment, based on series of quantitative data over a certain time period and more sophisticated methods of data analysis. The primary purpose of evaluations is to provide a basis for decisions by the Government and financing organisations on project / programme / policy continuation, expansion, adjustment and/or replication.

5. POLICY IMPACT SCENARIOS

From the outset of a policy, it is generally assumed that the policy makers' model is broadly correct and that the policy works as intended towards reaching the stated objectives. It will be MPI's role to examine, by applying suitable assessment methods², whether this assumption holds true during the implementation process. If the observed impacts match what was intended to be achieved, then obviously there is no need for policy adjustment, and policy implementation may continue as before and planned. We define this case as:

Impact scenario A: Impacts are as intended and expected, i.e. type, quality and scope of impacts are in line with policy objectives.

All other cases, when major deviations of reality from plan are recorded, are subsumed under:

¹ As well as the other three modules dealing with MPI, see section 2 above.

² See EASYPol Module 057: [Monitoring Policy Impacts\(MPI\): The Eight Methodo-“logical” Steps for MPI.](#)

Impact scenario B: Impacts do not materialise as expected or unintended impacts occur, i.e. impacts do not (fully) match policy objectives.

If impacts do not materialise as planned or if there are unintended and undesired impacts, the cause(s) of such divergences will have to be traced. This is necessary, in order to know which critical factor(s) will have to be addressed and modified in policy adjustment.

It depends on different factors whether a policy is effective or not in achieving the planned objectives, for example, on the objectives themselves, the choice of measures and instruments, the performance in implementing the policy measures, on changed conditions or on other influencing factors which were not foreseen when the policy was designed. According to the different factors that are responsible for the divergence between plan and reality, the following **Sub-scenarios of impact scenario B** can be distinguished:

B1) Ambiguous impacts resulting from ambiguous policy objectives: if the objectives are not clearly defined they allow different interpretation among stakeholders. A lack of common understanding on the policy objectives prevents setting the right priorities in selecting policy instruments, impedes effective policy implementation and eventually also leads to different judgements on the impacts achieved.

In order to become effective, adjustment in policy formulation is required in relation to a clarification of the objectives. Suitable policy measures and implementing agencies can only be identified on the basis of clear policy objectives.

Box 2 - Example for ambiguous policy objectives

If, in the case of a food policy, the objective of food security is not clearly defined in terms of access, availability, stability and utilisation, it may give rise to the opinion that food security is primarily a matter of sufficient food production and food self-sufficiency and that policy measures concentrate on increasing food production. Even if the policy measures are successful in this regard and lead to a substantial increase in food production, it may turn out that the surplus food production cannot be sold, is stored and wasted, and that the nutritional status of the poor and vulnerable population groups has not, if at all, significantly improved.

B2) Impaired impacts due to a selection of inappropriate policy measures and instruments: The selected policy measures and instruments may be unapt to bring forth the desired results, or they may have side-effects which were not foreseen nor intended.

Box 3 – Example for selection of inappropriate policy instruments

In order to increase food production and farm income (policy objective), the price of irrigation water is kept low and subsidised (policy instrument). The low price of irrigation water encourages, however, excessive use and waste of the scarce water resources by those who have access to the cheap water supply. This is not only unsustainable; it also contradicts other policy objectives such as sustainable, efficient and effective resource use and to ensure equal access by all farmers to the limited productive resources. Furthermore, the budgetary implications of the water subsidies jeopardise the macro-economic objective to curb budgetary deficits.

In order to ensure that the effects of the policy measures match the objectives and that undesired side-effects are avoided, it is necessary to revise the selection of policy instruments.

B3) Impaired impacts due to deficiencies in policy implementation: Incomplete, delayed or ineffective implementation of policy measures often hampers the attainment of the planned objectives. Possible reasons for deficiencies in implementation are, for example, staff and capacity constraints of implementing agencies, organizational or management weaknesses, lack of commitment of stakeholders, delayed or insufficient mobilisation of funds, cumbersome bureaucratic procedures, etc. The monitoring system of programmes and projects will provide evidence deficiencies in implementation and their causes.

Box 4 – Example for impaired impacts due to deficiencies in policy implementation

An agricultural survey revealed that the Programme to Promote Agricultural and Food Production in country X (see Box 1) has failed to bring about substantial increases in food production and farm income so far. According to a programme review commissioned by the Ministry of Agriculture, several factors have been identified for being responsible for the poor programme performance:

- Financial and capacity constraints in agricultural research and extension,
- Role of the government in input supply and agricultural marketing has not been clearly defined; sporadic institutional interventions have been little effective and discouraged the private sector to play a stronger role,
- Little private investments in agriculture, due to the lack of a functioning rural credit system and land tenure insecurities,
- Public investments in construction of irrigation system have not been accompanied by measures of organisational development, management and technical training at community level, thus the irrigation capacities remained largely un- and under-utilised.
- Delays in releasing government and donor funds allocated for the programme.

Adjustments in the process of policy implementation will be required, depending on the constraints identified, for example: Modifying the implementation modalities, capacity building, changing implementing agencies, speeding up funding, streamlining bureaucratic procedures, etc.

B4) Impaired impacts due to changing conditions or other influencing factors:

Whether a policy is effective in reaching its objectives does not only depend on the selection of suitable measures and instruments and an effective implementation, but also on the economic, social and political framework conditions and factors that are out of policy makers' control and influence. If the conditions change, it may have substantial implications for the feasibility and the effects of policy measures.

Box 5 – Examples for external factors impairing policy impacts

- 1) A policy of agricultural export promotion will only reach its objectives of increased export revenues for the state and increased income for agricultural producers if the world market price of the main export commodity, say coffee or cocoa, remains stable or increases. A major deterioration of the world market price will render the policy void (External factor: World market).
- 2) The planned increases in agricultural production and income could not be reached because a major drought has occurred in country X. (External factor: Weather conditions).

In LogFrame terminology³, the conditions and external factors that are crucial for accomplishment but beyond management control are expressed as **assumptions & risks**, in order to make policy makers and managers aware of their importance and to closely monitor their changes. Changing framework conditions may require substantial changes in policy design and/or implementation. There can, of course, also be changed conditions that favour the achievement of policy objectives (e.g. an increase of world market prices would be supportive to an export promotion policy).

Once MPI has come across discrepancies between expected policy outcomes and actual impacts, the reasons for the disparities will have to be identified. The impact scenarios presented above can serve as a guideline for this exercise. In practice, one may often find that different impact scenarios apply at the same time, calling for adjustments in several respects, in policy design as well as implementation.

6. CONCLUSIONS: RELEVANCE, SCOPE AND LIMITATIONS OF MPI

6.1 Relevance of MPI

MPI has gained increasing importance in many fields of development policies and, particularly in the context of economic reform and sector investment programmes as well as poverty alleviation, food security and environmental policies. In the past, economic reform policies have often come under criticism particularly for causing hardships to vulnerable groups of the society. Evidence of such effects has been revealed by ex-post evaluations but the possibility to adjust programmes along the findings of accompanying impact monitoring had been forgone. Probably the costs for mitigation measures would have been far less if timely adjustments had been made,

³ See EASYPol Module 058: [*Monitoring Policy Impacts \(MPI\): The Application of the Logframe Method.*](#)

compared to belated corrections of policies. Policy makers and other stakeholders, such as international development and financing agencies have, in the meantime, become increasingly aware of the need to obtain real-time information on the performance of the policies pursued.

The results of MPI also serve as a means of accountability vis-à-vis the cabinet, parliament, public and boards of organizations, and serve to draw lessons for similar policies and respective types of interventions planned or implemented elsewhere.

In the field of **international development cooperation**, some general global tendencies can be observed that will allow MPI to become increasingly relevant in the future:

- increased understanding of problems being part of complex system, and the corresponding thinking in terms of integrated solutions - rather than an approach in terms of isolated micro-solutions;
- tendency of donor governments, institutions and major lending agencies to support broad development goals like poverty reduction and ecological and financial sustainability of long-term oriented solutions – rather than small scale projects;
- increased awareness of the necessity of consistency between policies (national and international);
- increased emancipation of governments in developing countries and increased steering and manpower capacities of the governments;
- increased tendency towards conditioning in general terms (broad framework conditioning), such as good governance principles, participation and anti-corruption standards;
- increased readiness of donors and lending agencies to finance economic cooperation in form of budget support on the basis of agreed principles of policies – rather than programme and project funding.

MPI is closely related and applicable to **Poverty and Social Impact Analysis (PSIA)** promoted by IMF and World Bank to ensure focus of key economic reform on poverty reduction.

6.2 Applicability of MPI

MPI can be applied to assess the impacts of:

- **macro and sector policies**, e.g. macro-economic reform, stabilisation and/or adjustment policies; agricultural and other sector policies;
- **particular policies**, e.g. sector investment -, market reform -, privatisation - , food security -, trade -, girls' education -, gender policy;
- policies particularly with respect to **specific effects** which are considered to be **of special importance**, such as the impact of policies on economic growth, on poverty, on food security, on the environment, etc. Assessment of the impacts of development programmes on **poverty** has become a particular concern of the World Bank, donor - and development organizations (link to PSIA, see above).

It is also possible to apply MPI in a **reverse mode**. Instead of starting from the policy measures and tracing down their effects, MPI can be launched if certain - usually undesired and harmful - changes have been observed. In this way, it is possible to monitor such changes and track them back to their causes, thus addressing these factors in a way that helps to avoid or mitigate harmful effects. Such an approach is frequently applied in the context of **environmental policies**: In encountering damaging environmental effects (erosion, depletion of natural resources, pollution, etc.), the causes are to be identified and then addressed by appropriate policy measures.

6.3 Capacities for MPI

MPI has specific capacity requirements, such as capacities for management and coordination, survey design and data collection, for data analysis and for preparing reports and communicating the results of MPI to the policy makers and other stakeholders. Before establishing an MPI system, the required and available capacities must be carefully assessed, and special capacity building measures may have to be launched⁴.

It is not necessary - and it would neither be effective nor efficient - that all the required capacities for MPI be available within the government body in charge of MPI. Many of the activities related to impact monitoring (e.g. survey design and execution; data collection, compilation, processing and analysis; presentation of results) can be outsourced to other agencies (research institutions, consultants, NGOs, government services, etc.). Nevertheless, there are still some core functions, particularly regarding management, coordination, supervision and analysis, which have to be performed by a central MPI unit where capacities must be available. If the necessary capacities have to be built-up first, a gradual approach for setting up the MPI system may be applied, and the immediate tasks to be performed under MPI will have to be adapted to the limited existing capacities.

6.4 Costs and funding

There are costs for establishing and maintaining an MPI system that need to be budgeted for: staff, office and office equipment, computer hardware and software, vehicles, training costs, etc. In the case of programmes or projects, the costs for M & E are part of the programme or project budgets. In the case of an MPI system, special allocations will have to be made from the central budget, respectively the sectoral ministry's budget where the MPI system is based. Regular budget allocations for the MPI system are not only an expression of ownership but will also ensure its sustainability.

Monitoring systems are often under-funded and under-equipped, a situation that seriously hampers their performance. In taking into consideration the objective of MPI, to increase the effectiveness of policies in reaching their objectives, it turns out that the money is well invested if it enables the system to adequately fulfil its tasks. Nevertheless, cost saving possibilities should be fully explored and utilised. Major cost

⁴ The details of the capacity requirements are dealt with in EASYPol Module 059: [Monitoring Policy Impacts \(MPI\): Setting-up and Organizing MPI](#).

components in MPI are surveys and data collection. Making maximum use of existing data and data sources will, as already said before, help to minimise these costs.

6.5 Time frame for impacts to materialise

It is very important to be clear about the time frame within which impacts materialise and can be traced. For some interventions, such as food assistance or public employment programmes, there are impacts in terms of consumption gains which are almost immediate. Other impacts need a longer time to materialise, as, for example, a significant improvement in the nutritional status of children. Such medium-term effects may result from food assistance to vulnerable households or from special nutrition intervention programmes, both measures often forming part of a food security policy. Some policies or programmes may have only longer-term impacts. This typically applies to capacity building and environmental programmes. In such instances, a few short-term, intermediate indicators will have to be identified, in order to allow a judgement on the direction and speed of change towards the desired objectives⁵.

The decision on time and frequency of impact monitoring also depends on a careful assessment of the trade-off between the desirability of recent data and the cost of data collection, with respect to the availability of data collected on a routine basis. So, for example, nationally representative household surveys of income and consumption are not conducted every year because they are time-consuming and costly. Thus, some indicators such as poverty incidence or malnutrition are only available in several years' intervals, whereas others, such as food production, school enrolment rates, prevalence of diseases, etc. are usually available on an annual basis⁶.

If recent or frequent evidence on certain indicators is essential for assessing impacts but respective data are not routinely collected or available from elsewhere, special surveys may have to be launched for MPI⁷.

6.6 Quantitative and qualitative approaches

Although there is a general preference for quantitative approaches to impact assessment, there are situations and conditions when the use of qualitative approaches is the matter of choice for monitoring impacts. This applies, for example, to cases when meaningful quantitative data on impacts are not (yet) available, or when participatory approaches to impact assessment are applied, with active involvement of stakeholders and target groups⁸. These groups are generally well aware of the type and quality of changes they expect and those they actually experience as result of policy measures, and their perception of what 'makes a real change to them' can be highly relevant. Their indicators for assessing changes may not be expressible in quantitative terms but nevertheless their

⁵ See also discussion on indicators in EASYPol Module 057: [Monitoring Policy Impacts\(MPI\): The Eight Methods- "logical" Steps for MPI.](#)

⁶ Prennushi et al. 2001

⁷ See also EASYPol Module 057 [see footnote 5 above for link].

⁸ This applies, for example, to MAPP (Method for Analysing Impacts of Projects and Programmes), an approach to participatory qualitative impact assessment which has been developed by Susanne Neubert of the German Development Institute (Neubert, 2001). MAPP is based on a systematic application of various participative instruments, using PRA methods, starting from an assessment of relevant changes, as experienced by stakeholders, and leading up to an evaluation of the factors causing such changes carried out by the community members.

inputs allow for a rough classification, such as (much or moderately) better or worse, more or less, important or insignificant, etc. Moreover, changing attitudes, fears, aspirations, behaviour and prospects among the target population cannot be measured in quantitative terms. Nevertheless these factors may exactly reflect an expression of what a policy strives at. Due to such considerations, qualitative approaches to impact assessment have been repeatedly applied in impact monitoring systems. In order to get a comprehensive picture, a combination of quantitative and qualitative approaches to impact assessment will often be the most appropriate solution. Such a combination will provide evidence on the quantifiable impacts as well as an explanation of the processes and interventions that yielded these outcomes⁹.

The specific features of quantitative and qualitative approaches are compared in Table 2¹⁰.

Table 2 - Main features of quantitative and qualitative approaches in impact assessment

	Quantitative Approach	Qualitative Approach
Main purpose	To assess causality and reach conclusions that can be generalised.	To understand processes, behaviours and conditions as perceived by the groups or individuals being studied.
Data collection instrument	Structured, formal, pre-designed questionnaires.	In-depth, open-ended interviews. Direct observation. Written documents (e.g. open-ended written items on questionnaires, person 1 diaries, program records).
Sampling	Probability sampling.	Purposive sampling.
Methodology for analysis	Predominantly statistical analysis.	Triangulation (i.e. simultaneous use of several different sources and means of gathering information). Systematic content analysis. Gradual aggregation of data based on selected themes.

Source: adapted from Prennushi et al. 2000, based on Carvalho and White, 1997 and Baker, 1999.

6.7 The attribution problem

MPI helps to answer two questions through what can be called 'forward tracking' and 'backward tracking'¹¹.

- Which changes happen as result of a policy? (**forward tracking**), and
- Which are the causes of (intended or unintended) changes observed? (**backward tracking**).

Projects and programmes implemented within a policy framework often face the problem that they are expected to 'prove' what their impacts in terms of progress towards reaching the overall policy objectives are. However, since the achievement of

⁹ Cf. Baker, 2000, p. 15.

¹⁰ More on this issue see in EASYPol Module 057, [Monitoring Policy Impacts\(MPI\): The Eight Methodo- "logical" Steps for MPI](#)

¹¹ See also section 6.2 above (applying MPI in the 'reverse mode').

the overall policy objectives depends on a multitude of factors and conditions, including other programmes and projects launched under the same policy framework, all of which are beyond control of the individual project or programme management, no valid assessment on overall aggregate impacts, apart from plausibility assumptions, can be given at this level¹². Even if a project or programme induces significant changes in a certain area, these effects may be insignificant in aggregate terms¹³, and/or may be neutralised by other factors.

Projects and programmes can, with their own M&E system and sufficient conviction and validity, track their effects only up to a certain level. This level is generally given by the effects resulting from the direct uses of their outputs. Any effect beyond this level cannot be directly attributed to the specific project or programme. There is what has been called an '*attribution gap*'¹⁴, as shown in Figure 2 below.

It is here where MPI links in and helps to bridge the attribution gap, namely by tracking the impacts further up to the more aggregate levels, and/or, if the impacts at aggregate level divert from what has been planned and intended, by tracking them back to their causes. In identifying the causes for the deficiencies or unintended side effects - they may be rooted in deficiencies in policy design or implementation (including deficient programme and project design or implementation) or caused by external factors¹⁵ - they can be effectively addressed by apt policy adjustments.

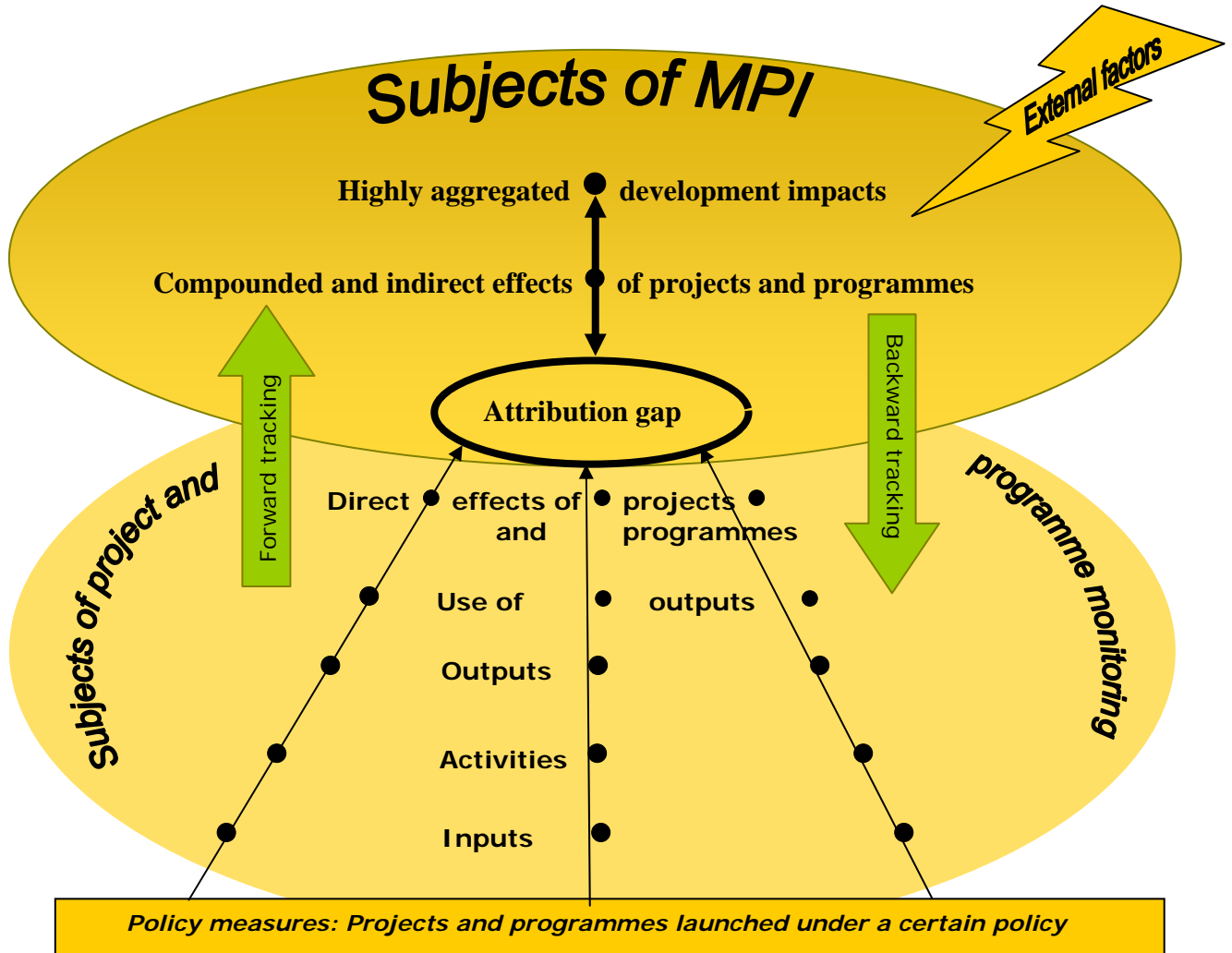
¹² Cf. Mueller-Glodde, 2000.

¹³ It may be different in the case of country-wide programmes which are a major instrument to put a policy into practice.

¹⁴ Cf. Kuby, 1999; Mueller-Glodde 2000.

¹⁵ See 'policy impact scenarios' presented in section 5 above.

Figure 2 - Subjects of MPI and project and programme level monitoring - Getting over the attribution gap



Adapted from Vahlhaus/Kuby, GTZ, 2001

Box 6 - MPI to measure the compounded effects of all relevant programmes, projects and changing conditions

The individual programmes and projects launched under the food security policy in country X (promotion of agricultural and food production, safety nets, emergency food security reserve) are – if effectively implemented, if the planned outputs are achieved and if they are effectively utilised by the target groups (assessment thereof is subject of programme and project level monitoring) - likely to contribute to the overall policy objectives, namely an elimination of hunger and malnutrition, i.e. a general improved food security status of the population on a sustainable basis. Improved food security and nutrition can, however, not be attributed to an individual programme component alone.

Whether and to what extent the overall policy objective is achieved depends on the compounded effects of all policy measures, as well as on the effects of other policies and conditions, such as internal and external peace, good governance, favourable world market conditions, no major disaster, etc. The impact of such factors can only be assessed at a higher aggregate level, taking the compounded effects of all policy measures and of the political, economic and social framework conditions into account.

6.8 Multiple outcomes

Any project, programme and - even more so - policy is likely to have not just one outcome of interest but multiple impacts in different respects. There are five problems related to this issue of multiple-outcomes that need to be considered in MPI¹⁶: finding, limiting, assessing, common-scaling and weighing.

- **Finding:** It has to be figured out which outcome dimensions are affected by a policy¹⁷.
- **Limiting:** It might be that the number of potential impacts found is huge. If so, tracing all of the potential impacts would be ineffective and unrealistic. A decision must be made as to which impacts are to be pursued and which are to be ignored, based on common sense and in consultation with stakeholders and experts.
- **Assessing impacts:** Those (potential) impacts considered as relevant are to be traced by means of research designs as outlined before and as indicated throughout this manual.
- **Common-scaling:** If there are many outcomes and one wants an answer to the effectiveness question for the policy as a whole, the estimates of impact for the various outcomes would have to be combined in some way. But they are probably in different measurement units, e.g. cost and price changes, income changes, production and supply changes, number of points improvement on some attitude scale, etc. An approach may have to be applied that puts all these factors together so that the effectiveness of the whole policy can be appraised.

¹⁶ Cf. Mohr, 1995, p. 274

¹⁷ This is part of the impact model analysis, see step 3 in EASYPol Module 057: [Monitoring Policy Impacts \(MPI\): The Eight methodo- "logical" Steps for MPI.](#)

- **Weighing:** Even if the various impact scores can be combined, it is rare that they are all of equal importance. Qualitative approaches, particularly expert and stakeholder consultations, will have to be applied to arrive at a decision on how to weigh the importance of each impact in relation to the others.

6.9 Condition for effectiveness of MPI

MPI can only contribute to improved policy performance and increase the effectiveness of policies in reaching their objectives if the results of MPI are accepted and seriously considered by the policy makers, and if there is the political will to prompt adjustments in policy design and implementation. This should also, and particularly, apply to cases when MPI arrives at critical results which are unexpected and unpleasant to the policy makers. Therefore, as a general and overwhelming condition, there must be an atmosphere of mutual confidence and trust among the policy makers, the policy implementers and those concerned with MPI.

7. REFERENCES AND FURTHER READINGS

- Baker, Judy L., 2000, *Evaluating the Impact of Development Projects on Poverty, A Handbook for Practitioners*, The World Bank, Washington D.C., USA, (This handbook seeks to provide project managers and policy analysts with the tools needed for evaluating the impact of interventions. It includes a discussion of evaluation methodologies and implementation issues and presents several case studies; *document accessible through World Bank website, see below*).
- Prennushi, G., G. Rubio and K. Subbaro, 2001, Monitoring and Evaluation, in: *World Bank, Poverty Reduction Strategy Sourcebook*, Draft for comments, Washington D.C., USA, April (This chapter of the Poverty Reduction Strategy Sourcebook aims to assist countries in developing an outcome monitoring and impact evaluation strategy; *document accessible through World Bank website, see below*).
- Vahlhaus, Martina & Thomas Kuby, 2001, *Guidelines for Impact Monitoring in Economic and Employment Promotion Projects with Special Reference to Poverty Reduction Impacts*, Part I: Why Do Impact Monitoring? - A Guide, GTZ, Eschborn, Germany (*document accessible through GTZ website, see below*).
- World Bank, OED, 1996, *Designing Project Monitoring and Evaluation*, Washington D.C., USA (This document gives many useful hints on methods and approaches for the design and implementation of monitoring and evaluation at project and programme level which are equally important for MPI; *document accessible through World Bank website, see below*).

Web-links on issues and literature related to impact assessment

GTZ: <http://www.gtz.de>

IFPRI (International Food Policy Research Institute): <http://www.ifpri.org/>

World Bank, OED (Operations Evaluation Department): <http://www.worldbank.org/oed/>

World Bank, Impact Evaluation for Sustainable Poverty Reduction:

<http://www.worldbank.org/poverty/impact/>

USAID Center for Development Information and Evaluation:

http://www.dec.org/usaids_eval/#15

Module metadata

1. EASYPol module 056

2. Title in original language

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4. Summary

Monitoring Policy Impacts (MPI) is a policy management instrument, applied to improve the efficacy of policies in reaching their objectives. MPI identifies diversions of reality from plan when they occur, as well as the causes of such diversions, thus allowing immediate corrections, if required, and respective adjustments in policy design and implementation. With its special features – focussing on impacts at policy level, tracing of flaws, timeliness of recording and feed back - MPI is related to but distinct from other conventional monitoring and evaluation concepts, such as implementation monitoring, project and programme monitoring, and evaluations which are conducted ex-post in longer time intervals only.

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7. Module type

- Thematic overview
- Conceptual and technical materials
- Analytical tools
- Applied materials
- Complementary resources

8. Topics covered by the module

- Agriculture in the macroeconomic context
- Agricultural and sub-sectoral policies
- Agro-industry and food chain policies
- Environment and sustainability
- Institutional and organizational development
- Investment planning and policies
- Poverty and food security
- Regional integration and international trade
- Rural Development

9. Subtopics covered by the module

10. Training path

[Analysis and monitoring and evaluation of socio-economic impacts of policies](#)

11. Keywords